

11/18

Child support

Computer issues

4-20% open

still nuclear

nuclear

- 1) certification 37 to date 10/1/97
- 2) state wide disbursement unit 10/1/98
- 3) distribution (option 10/1/98 or 2 steps 10/1/97, 2000)

Contractors

Federal role

- best practices / contractors

Y2K

Indiana ^{debated} D.A.s - + local control

Michigan system capacity problems
→ redesign of law

Nevada integrated system
w/ TANF

Ohio system in all ctys
but only 10% cases

S. Carolina - contractor walked
in budgetable

15 states
8 in gov
(5 new parties)

California

Local head system
city-based elected D.As
D.As want

7 systems → to be linked
One would be new San Diego

State law → No more than
this summer 4 systems

Problem → not passing enough
PEW & A dist cog.

This Monday - Calif picked 4 systems

not San Diego, San Mateo, Alameda

L.A. Kernan

SF. Riverside

Calif doesn't want to do single
dispensation until united
~~cost~~ they have state wide sys

Indiana
San Diego
Ohio



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Washington, DC 20001-1512

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Doc?

To: Andrea Kane 1/25/99 10:50:06	456-7431
From : NCSEA	At: NCSEA
Pages: 9	URGENT IV-D BULLETIN

Andrea -- Here is the current NCSEA agenda from Kelly. Thank you for your message about a speaker. Kelly looks forward to talking to you Monday afternoon. Thanks.

Child Support
1999

NCSEA Policy Forum and Conference Agenda
Page 2

12:30p.m. - 2:00 p.m. Luncheon

2:00 p.m. - 3:30 p.m. Plenary: "The Changing View of the Role of Fathers"

Results are coming in from a variety of efforts to focus on fathers involvement in the family. What do the experts and policy makers predict for future efforts to effectively fund and provide services for both parents. Discussion will focus on initiatives that have been effective in establishing and maintaining financial and emotional commitments by fathers toward their children.

MODERATOR: Robert Doar, New York State Child Support Director
SPEAKERS: White House Domestic Policy Council (or other
 Administration Representative)
 Ron Mincy, The Ford Foundation
 Wade Horn, National Fatherhood Initiative
 Laura Kadwell, Minnesota Child Support Director
 Mark Shriver, Delegate, Maryland House of Delegates

← AK?
 OVP?

3:30 p.m. - 4:00 p.m. Refreshment Break

4:00 p.m. - 5:30 p.m. Plenary: "The Future of Funding for Child Support Enforcement"

Child support funding is once again on the table with congressional Republicans, Democrats and the Administration discussing changes. This time the threat is real. Panelists representing legislative and child support program perspectives at the federal, state and local levels will react to findings from the OCSE Child Support Financing Task Force funding alternatives study. Discuss strategies to ensure continued funding for child support efforts.

MODERATOR: Kathy Kerr, New Hampshire Child Support Director
SPEAKERS: Jeff Cohen, Vermont Child Support Director
 Doug Steiger, Minority Staff, Senate Finance Committee
 Mike Fishman, Vice President, The Lewin Group
 The Honorable Joan Lawrence, Representative, Columbus, Ohio

5:30 PM - 7:00 PM Reception

The National Child Support Enforcement Association Forging a Better Future for Families: A Framework for Collaboration

February 2-3, 1999 * Washington, D.C.

AGENDA

8:00 a.m. - 9:00 a.m. Registration and Continental Breakfast

9:00 a.m. - 10:30 a.m. **PLENARY SESSION**
Core Child Support Enforcement Function and Community
Collaboration: What's the impact on the Bottom Line?
"The Indianapolis Story"

WORKSHOP COORDINATORS: LAURA KADWELL, 651-297-8232
WAYNE DOSS, 323-889-3400

The core functions of the child support enforcement agency include paternity and order establishment, collecting support and increasing and obtaining medical coverage for children. How can collaboration with public and private entities enhance core performance? Given the ways in which the child support program is evaluated and funded, how can we forge partnerships that help us serve families better...without diverting scarce resources from our core child support enforcement functions?

MODERATOR: Irma Neal, Executive Vice President, Service Design Associates
SPEAKERS: The Honorable Steve Goldsmith, Mayor of Indianapolis
Willis Bright, The Funding Stream - *Invited*
Virginia Cain, Health & Hospital Corporation of Indianapolis - *Invited*
The Honorable Scott Newman, Marion County Prosecutor

10:30 -11:00 a.m. Break

11:00 am -12:30 p.m. **PLENARY SESSION**
Understanding Your Community: Leave No Stone Unturned

WORKSHOP COORDINATOR: ANN BARKLEY, 202-260-4697
Community contacts can be powerful allies for a program looking to improve performance while conserving scarce program resources. Come learn how to inventory your community to identify agencies, organizations, and individuals who provide services to families? Find out how to tap into funding streams and to contact programs that serve custodial and noncustodial parents.

MODERATOR: Barb Saunders, Acting Chief, Ohio DHS/CSE
SPEAKERS: Dr. Ronald F. Christian, Director, Lutheran Social Service of Northern VA
Jeffery M. Johnson, Ph.d, National Center for Strategic Nonprofit
Planning & Community Leadership, Washington, DC
Margaret Washintizer, Director, Division of State Assistance,
Office of Community Services
Sue Bailey, Past President, NCSEA, Tenino, Washington

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12:30 p.m. - 1:30 p.m. LUNCH DISCUSSIONS

Come join one of the following discussions and the "brown bag" lunch is on us:

Lunch Discussion A: Leveraging Resources in Your Own Community

WORKSHOP COORDINATOR: CATHY BAYSE, 317-955-1620

Collaborate with your colleagues on ways to expand and improve upon your local outreach efforts. By reaching into the child support and other communities present, you can share your "best practices" and learn about successful initiatives that serve families in other states.

Lunch Discussion B: Communicating the Child Support Message to Congress

WORKSHOP COORDINATOR: DARRYL GRUBBS, 512-437-6161

Join NCSEA staff and Board Members to learn the "Do's and Don'ts" of conducting successful meetings with your Members of Congress and their staff. We have set aside Wednesday afternoon to encourage you to educate your delegation about child support. NCSEA's Director of Government Relations and Board members skilled in "lobbying" will walk participants through how to get your Congressional delegation to hear and understand you.

1:30 p.m. - 3:00 p.m. CONCURRENT WORKSHOPS

Promoting Self-Sufficiency for Parents, Part I (Policy Focus)

WORKSHOP COORDINATORS:

LAURA KADWELL, 651-297-8232

WAYNE DOSS, 323-889-3400

Welfare reform and subsequent legislation focus on creating employment for both parents -- custodial parents whose benefits are "running out" due to time limits and noncustodial parents whose ability to pay child support hinges on obtaining a job. How successful has the "Work First" approach been in keeping custodial parents off welfare? How can government policies in other programs such as Medicaid, tax credits, child care and food stamps best supplement parents' income from earnings? How can we target our efforts on the job front to optimize parental participation in the workforce and thereby enhance family self-sufficiency?

SPEAKERS:

Wendell Primus, Center on Budget and Policy Priorities, Washington, DC
Rich Hobbie, Interstate Conference of Employment Securities Agencies,
Washington, DC

*NCSEA Policy Forum and Conference Agenda**Page 5***Medical Support: Effective Partnerships for Healthy Kids****WORKSHOP COORDINATORS:****LAURA KADWELL, 651-297-8232****KELLY THOMPSON, 202-624-8180**

Medical support enforcement has the potential to provide many benefits—from private health care coverage to children to decreasing state and federal agency spending on public health care—if an effective, efficient process is devised to replace today's cumbersome enforcement methods. The 1998 federal legislative session brought heightened scrutiny to medical support. Congress elevated its importance by mandating recommendations for a new incentive measure, the formation of a work group on IV-D and employers' roles and enforcement procedures, and renewed pressure to reform child support funding. How can child support agencies streamline employer relationships and coordinate efforts with Medicaid agencies and the new Title XXI Child Health Insurance Program (CHIP) to ensure parental responsibility for health care coverage?

MODERATOR:

Ruth Bell Clark, Service Design Associates

SPEAKERS:

Lee Sapienza, NY State Office of Child Support

Mary Fontaine, Director, Benefit Coordination Recovery Unit,
Massachusetts Division of Medical Assistance

Gaye McQueen, Washington State Medical Support Enforcement Officer

Paul Legler, OCSE, Washington, DC

Maintaining the Message, Changing the Messenger:**Establish Paternity through Community Networking****WORKSHOP COORDINATORS:****RUTH CLARK, 617-338-3098****MARY SMITH, 501-682-6828**

Welfare reform set ambitious goals for paternity establishment, a core function of the child support enforcement program. How can we draw on (and improve upon) our experience with in-hospital paternity acknowledgment in our work with other entities to inform parents about the vital importance of establishing paternity? How can multiple partnerships with governmental agencies, schools, Head Start and faith-based organizations forge a network for communicating our message while conserving scarce resources?

SPEAKERS:

Lois Rakov, Manager, Hospital & Paternity, Illinois Child Support Division

Reba Danastorg, Executive Director, Joseph's Place, Massachusetts

3:00 p.m. 3:30 p.m.**Break**

*NCSEA Policy Forum and Conference Agenda**Page 7***Access and Visitation****WORKSHOP COORDINATORS:****RUTH CLARK, 617-338-3098****JIM HENNESSEY, 515-281-5767**

We know we need to foster the development of two parent interaction with children, but how do we do it? What is the best recourse in difficult situations, such as when there is strong resistance or a threat of domestic violence. What creative techniques are states and localities using to foster parental relationships, especially now that federal money is available for new experimentation in pilot projects for child support to act as a conduit to foster opportunities for parents to have access and visitation without sacrificing safety?

SPEAKERS:

Maureen Sheeran, National Council of Juvenile
and Family Court Judges

David Manville, Supervisor, Family Counseling Unit, Detroit, MI

Linda Cavallero, University of Massachusetts, Psychiatry

Wednesday, February 3, 1999

7:00 a.m. - 8:00 a.m. Continental Breakfast

8:00 a.m. - 9:15 a.m. **PLENARY**
Leveraging Resources

WORKSHOP COORDINATOR:**WAYNE DOSS, 323-889-3400**

Collaboration sounds wonderful, but who is going to actually do it with limited resources and skeptical state legislatures? Are there helpful suggestions from our sister public agencies and faith-based organizations? What states are maximizing funding?

MODERATOR:

Cathy Bayse, Vice President, Service Design Associates, Indiana

SPEAKERS:

Dianna Durham-McLoud, First Vice-President, NPCL, Illinois

Zina Jacque, Assistant Chaplain, Bentley College, Massachusetts

Lorenzo Harrison, Administrator, Office of Job Training Programs, US
Department of Labor, Washington, DC

9:15 a.m. - 9:30 a.m. Break

November 17, 1998

**STATES WHOSE CHILD SUPPORT SYSTEMS
ARE NOT YET CERTIFIED**

1. Alaska
2. California
3. D.C.
4. Illinois
5. Indiana
6. Kansas
7. Maryland
8. Michigan
9. N. Dakota
10. Nebraska
11. Nevada
12. New Mexico*
13. Ohio
14. Oregon*
15. Pennsylvania
16. S. Carolina
17. Virgin Islands

* System has been reviewed and is ready to be certified. Report and certification letter are being prepared.

November 17, 1998

**STATES WHOSE CHILD SUPPORT SYSTEMS
ARE NOT YET CERTIFIED**

Certifiable – Report/Letter in Progress

New Mexico
Oregon

Review Results being Analyzed

Alaska
D.C.
Illinois
Maryland

Certifiable in 3 to 6 Months

Pennsylvania
Virgin Islands

Requested Alternative System Penalty

Kansas
N. Dakota
Nebraska

None of the Above

California
Indiana
Michigan
Nevada
Ohio
S. Carolina

STATES MISSING THE DEADLINE – STATUS AND PENALTY

Region 1

No States affected.

Region 2

Virgin Islands

ACF conducted a functional review in March 1997 and issued a report identifying deficiencies in August 1997. A recently conducted Technical Assistance visit (November 1998) found that most of these deficiencies have not been corrected. They could be corrected within 6 months if the Territory and their contractor (NSI) can resolve differences and serious lack of project staffing on the Territories part are resolved. The VI will probably ask for the alternative penalty, though we have not been formally notified to date. State has received their NOI letter.

Region 3

Pennsylvania

PACSES is implemented in 65 of Pennsylvania's 67 counties. We expect them to be statewide by February 1999. We conducted a Level I Certification Review in September 1997, and shared our draft findings with the Commonwealth. In response to our draft findings, PA has corrected their distribution module. We will issue our final report when we receive the revised testdeck results, which if correct will allow them a conditional Level I, certification. PA should ask for and receive a Level II certification review in February or March 1999. PA has not requested an alternative penalty, and we do not know their thinking on this subject yet. State has received their NOI letter.

District of Columbia

DCCSES was implemented citywide in March 1998. We conducted a Level II Certification Review in September 1998. We have not yet received their testdeck results. The review team noted a number of problems during the review, the most serious being what appeared to be serious data integrity issues. The Baltimore Area Audit Office will be sampling the DCCSES database to determine the severity of the data integrity deficiencies. The status of the testdeck findings is unknown at this time. DC will not be certified as a result of this review. DC has not yet requested an alternative penalty nor informed us as to whether they intend to do so. However, it should be noted that they have a new IV-D Director. State has received their NOI letter.

Maryland

CSES was implemented statewide in March 1998. The State was last reviewed with a Level II Certification Review in August 1998, and we have shared our draft testdeck findings with the State. In response to those draft findings, MD is making modifications to their distribution module. We will issue our final report when we receive the revised testdeck results. Maryland will receive a conditional Level II certification if the revised testdeck results are correct, which is expected sometime before January 1999. The State has not requested an alternative penalty. State has received their NOI letter.

Region 4

South Carolina

South Carolina is currently in the process of an independent validation and verification (IV&V) effort being conducted by KPMG. This process started in May 1998 and is scheduled for completion during the quarter ending March 31, 1999. A limited functional review was conducted June 10-13, 1997, with limited financial functionality available (as the distribution test deck was not run,) and no local office was visited. Any plan to complete the system will depend upon the results and recommendations of the IV&V effort. To date they have not requested a "Penalty" process but have requested a meeting with OCSE to discuss that and other system development issues to be held in mid to late November. State has received their NOI letter.

Region 5

Illinois

Illinois' system is operational statewide (approximately 5% of cases still to be converted). A Certification review was conducted during the week of September 21, 1998 with a follow-on site visit the week of November 16, 1998. A report of that review is currently being written. There is a possibility they will be certified with some major conditions. If not certified based on the last review, we would expect Illinois would probably meet all requirements within six months. If a penalty is necessary state will probably request the alternative penalty, though they are currently awaiting outcome of certification review result. State has received their NOI letter.

Indiana

Indiana's "ISETS" is now fully implemented in 37 of the State's 92 counties (Prosecuting Attorney's [PA] and Clerks of Court [CoC]) and in some manner of operation in 83 PA's offices. An additional 10 CoC will be added by December 10, 1998. A total of 81 CoC have committed to use ISETS. Five of the remaining CoC are expected to commit with

six still in question. All but 2 of the remaining 9 PA offices have expressed a willingness to implement ISETS. The two holdouts are Switzerland and Ohio Counties where the clerks are unwilling to join and the PAs are united with the Clerks. These two counties combined have less than 500 cases. The State is expected to request a waiver from the requirement for a statewide CSES under provisions of HR3130. Marion County (Indianapolis) is asking for this as well, and will assist in the preparation of the waiver request. The Marion County PA office plans to transfer the Connecticut system if the waiver request is granted. The Marion County Clerk is reported to have agreed to use the PA's system. The ISETS system was last reviewed in a September 1995, Level I Review that found the State did not meet the certification requirements. The system is not expected to progress further until the State determines its success at approval of an exemption from the SDU requirement (to which it appears to have pinned all their hope – but which we may well disapprove.) Due to this uncertainty, it's impossible to predict what the state will next do. State will probably request an alternative penalty, though this has not yet been communicated formally to OCSE. State has received their NOI letter.

Michigan

65 of 83 Michigan counties are currently operational on MICSES, with the 66th in two weeks. However, these counties represent less than 30% of caseload on MICSES. Plans are nearing completion for Wayne County [Detroit] to begin conversion to MICSES. Three other large counties are still undecided regarding choice of alternative systems or using MICSES although all are likely to use MICSES. Three small counties plan to use alternative systems. Formal request from State not expected on any of this until sometime in 1999. State does not plan to be fully operational and compliant until September 2000. A certification review (Level I) was conducted in August 1998 with the report currently being written. It appears that several FSA-88 requirements remain unmet and that limited progress on functionality has been made since our last review in 1995. The State does not expect to be fully operational and compliant until September of 2000 at the earliest. Otherwise it appears that the State is near to solution on the numerous political challenges presented and should be able to move ahead to successfully complete the system, albeit 3 years late. State has not made a formal decision to date but will probably request the alternative penalty. State has received their NOI letter.

Ohio

Ohio's "SETS" system is currently operational on a small scale in all Ohio counties. Approximately 30 counties (representing 10% of the caseload) are fully operational on SETS. However, only one county is currently using the IV-A/IV-D interface. State plans to have full statewide operation by October of 1999. ACF conducted a September 1998 Certification review that found, aside from a lack of statewide operation, major functions including EFT/EDI, billing, Federal/State Intercept and the CSENet interface

are not operational. The State continues to pursue implementation of SETS and will eventually be successful, though it is unlikely they will meet their own completion date of October 1999. Ohio has not made a formal decision to date but is expected to request the alternative penalty. State has received their NOI letter.

Region 6

No States Affected.

Region 7

Kansas

Kansas' is uncertified and their current status is that they are essentially starting over after a reassessment of the project in March 1998. Their most recent review was a Level II certification review conducted February 9-12, 1998 which they failed. Their prognosis is for the system to be operational statewide by September 1999. The project is under the careful scrutiny by all branches of State government as a result of Kansas Senate Bill 5 passed earlier this year (establishing a legislative-branch systems oversight board). They have a contract in place for the project, which is in order, although they failed to seek prior approval on task orders for work that has been done since April of 1998. The State has applied for the alternative penalty. The corrective compliance plan has been submitted and is under review. State has received their NOI letter.

Nebraska

Nebraska is uncertified and their current status, as a judicially oriented program, is that they were pursuing an alternative system configuration, for which they do not yet have a waiver. However, as of an October 1998 letter to ACF, the State has decided to instead incorporate most court distribution functions into State's CHARTS (IV-D) system. The system has a lot of potential, though their major problem is that IV-D financial distribution is conducted in a variety of systems (State system, court systems, and county systems). The system is neither statewide nor operational. Their most recent review was a Level II certification conducted March 2-6, 1998 (with the financial management review of the system, including the test deck results, conducted June 29-31, 1998.) The review found that the State passed the test deck with a fair amount of difficulty due to the business practices of the State (ties into the alternative system configuration.) In addition, the prognosis for Nebraska is that they have requested the alternative penalty (dated Oct. 10th) and requested a meeting to discuss the corrective compliance plan (planned for Dec. 7th). A recent APDU submission is under review. However, it appears to be incomplete and cannot be used as a corrective compliance plan. Nebraska's NOI letter was sent in November, 1998.

Region 8

North Dakota

North Dakota will not complete their system until September 30, 1999. A technical assistance visit was conducted on January 21-22, 1998. The review team used the full Certification Questionnaire as a basis for the review. This was like a Level I visit but we did not call it that. The review pinpointed the functional areas, which were still lacking in FACSES. Our findings mirrored the State's own assessment of where they stood functionally. There were no surprises to the State when we itemized the deficiencies during the Exit Conference. North Dakota is aiming to finish FACSES by the next deadline: September 31, 1999. The State submitted a letter on September 30, 1998 requesting that the State be subject to the alternative system penalty in lieu of State Plan disapproval. Per discussion with State, this letter will be followed up with an APDU detailing how, by when, and at what cost the State will achieve compliance with CSE system requirements. That APDU has not yet been received. State has received their NOI letter.

Region 9

California

Statewide Automated Child Support System (SACSS) terminated their FSA-88 project in November 1997 as a failure. They are currently in the Planning Phase of a new project called - California Child Support Automation (CCSA) Project. The State received Federal approval of their Planning APD on July 98 for this new project. Emergency funding for M&O for the existing automated counties was approved in August 1998 as part of an Emergency APD request, the actual APD for which is due November 27, 1998. In addition, the State has a full-blown Implementation APD due to ACF in January 1998. It is anticipated that the State will (but has not yet done so) request the alternative penalty provisions. State has received their NOI letter.

Nevada

The State's "Nevada Operations of Multi-Automated Data Systems (NOMADS)" project is sorely behind schedule. An Implementation Project Technical Assistance/Functional Review of NOMADS was conducted in September 1997. The review found problems in the case management and financial management (distribution) functions that precluded certification. These problems have not yet been resolved. A follow-up Assessment review to determine the need for an IV&V contractor is scheduled for November 17-18, 1998. The State's last approved APDU was submitted in April 1998. The State has informed OCSE that it will pursue the alternative penalty. State has received their NOI letter.

Region 10

Alaska

Alaska's system is currently implemented statewide, and has been since March 1998. A Level II certification review was conducted the week of September 14. During the review, we identified a number of deficiencies, some of which cast concern on the system's certifiability (UCI not fully automated, Interstate timeframes and CSENet not yet implemented, and FPLS and Credit Bureau interfaces still in testing) and other deficiencies which appeared to operational issues such as: User "Worklists" (Morning Mail) was turned off, and Guideline Calculations functionality not being used. We are currently planning to issue the report to the State as a draft and conduct a follow-up review to evaluate the progress and make a final decision. This is necessary because the number of deficiencies identified during the review. The State has decided to make no decision on a penalty until they are informed of our decision regarding certification. State has received their NOI letter.

STATE DISBURSEMENT UNIT

11/17/98						
STATES	HAS SDU	IF NOT, MANDATORY EFFECTIVE DATE	EXEMPTION REQUEST	REQUEST STATUS	RO ASSESSMENT OF COMPLIANCE WHEN?	AUTOMATED SYSTEM STATUS/ ESTIMATE
Alabama		10/99				Certified
Alaska	X				Dec-98	Certification Pending
Arizona	X				IV-D ok; Non-IV-D 12/98	Certified
Arkansas	X				Oct-99; IV-D only	Certified
California		10/98	POSSIBLE		FY 99-00	Not Statewide; FY 01 or later
Colorado	X				IV-D ok; Non-IV-D 12/98	Certified
Connecticut	X				Oct-98	Certified
Delaware	X				Oct-99	Certified
District	X					Certification Pending
Florida		10/99				Certified
Georgia		10/99	X	PENDING		Certified
Guam	X				Oct-98	Certified
Hawaii	X				Oct-98	Conditional Certification 11/98
Idaho	X				IV-D only; Non-IV-D 10/99	Certified
Illinois		10/99				Certification Pending
Indiana		10/99	X	PENDING		Not Statewide; Sept 99
Iowa						Certified
Kansas		10/99			Oct-99	Not Statewide; Sept 99
Kentucky		10/98	X	DENIED	12/98; Non-IV-D 10/99	Certified
Louisiana		10/99			Oct-99 (early 99)	Certified
Maine	X				Oct-98	Certified
Maryland		10/99			Oct-99	Certification Pending
Massachusetts	X				Oct-98	Certified
Michigan		10/99				Not Statewide; 65 out of 83 ct
Minnesota		10/98				Certified
Mississippi		10/99	X	WITHDRAWN	Oct-99 (or early 99)	Certified
Missouri		10/99	X	DENIED	Oct-99	Certified
Montana	X				IV-D ok, Non-IV-D 12/98	Certified
Nebraska		10/99			Mar-00 (need legislation)	Not Statewide; Sept 99
Nevada		10/99	X	PENDING	Mar-99	Not Statewide; Sept 99
New Hampshire	X				Oct-98	Certified
New Jersey		10/99			Oct-99	Certified

STATE DISBURSEMENT UNIT

11/17/98						
STATES	IF NOT MANDATORY HAS SDU	EFFECTIVE DATE	EXEMPTION REQUEST	REQUEST STATUS	RD ASSESSMENT OF COMPLIANCE, WHEN?	AUTOMATED SYSTEM STATUS/ ESTIMATE
New Mexico		10/99			Oct-99	Certification Pending
New York	X					Certified
North Carolina		10/99				Certified
North Dakota		10/99				Not Statewide; Sept 99
Ohio		10/99	POSSIBLE			Not Statewide; Oct 99
Oklahoma		10/99			On 2nd RFP; SDU by 3/98	Certified
Oregon	X				Oct-98	Certification Pending
Pennsylvania		10/99				Not Statewide; 2/99 2 ctys left
Puerto Rico	X					Certified
Rhode Island		10/99			Oct-99	Certified
South Carolina		10/99	X	GRANTED		Not Statewide
South Dakota	X		X	GRANTED	IV-D ok; Non-IV-D 12/98	Certified
Tennessee		10/99	POSSIBLE			Certified
Texas		10/99	X	PENDING	Oct-99	Certified
Utah	X				IV-D ok; Non-IV-D 12/98	Certified
Vermont	X				Oct-98	Certified
Virginia	X				Oct-98	Certified
Virgin Islands	X					Not Certified; Statewide
Washington	X				Oct-98	Certified
West Virginia	X				Oct-98	Certified
Wisconsin		10/99				Certified
Wyoming		10/99	X	PENDING		Certified

STATE STATUS - DISTRIBUTION

11/13/98					
STATES	COMPLIES/CURRENT TANF CASES	FORMER ASSISTANCE CASES		RO ASSESSMENT OF COMPLIANCE WHEN?	AUTOMATED SYSTEM STATUS/ ESTIMATE
		PLAN A (2 STEP)	PLAN B (1 STEP)		
Alabama	X		X		
Alaska	X		X	Dec-98	
Arizona	X	X		Nov-98	
Arkansas	X		X		
California	NO		X	NO	
Colorado	X	X			
Connecticut	WAIVER	X			
Delaware	?		X		
District	NO		X	NO	
Florida		X			
Georgia	?		X		
Guam	X		X	YES	
Hawaii	X		X	YES	
Idaho	X		X		
Illinois			X		
Indiana			X		
Iowa	X	X			
Kansas	?	X			
Kentucky		X			
Louisiana	X		X		
Maine	X	X			
Maryland	?		X		
Massachusetts	X	X			
Michigan			X		
Minnesota		X			
Mississippi			X		
Missouri	?	X			
Montana	X		X		
Nebraska	X	X			
Nevada	X	X			
New Hampshire	X	X			
New Jersey	X	X			

STATE STATUS - DISTRIBUTION

11/13/98					
STATES	COMPLIES/CURRENT TANF CASES	FORMER ASSISTANCE CASES		RO ASSESSMENT OF COMPLIANCE, WHEN?	AUTOMATED SYSTEM STATUS/ ESTIMATE
		PLAN A (2 STEP)	PLAN B (1 STEP)		
New Mexico	X		X		
New York	X		X		
North Carolina	X	X			
North Dakota	X	X			
Ohio		X			
Oklahoma	X		X		
Oregon	X	X			
Pennsylvania	?		X	NO	
Puerto Rico	X		X	YES	
Rhode Island	X		X		
South Carolina	X		X		
South Dakota	X	X			
Tennessee			X		
Texas	X		X		
Utah	X		X		
Vermont	X		X		
Virginia	X		X		
Virgin Islands	X		X	NO	
Washington	X	X			
West Virginia	NO	X			
Wisconsin	WAIVER				
Wyoming	X	X			

November 17, 1998

**STATES WHOSE CHILD SUPPORT SYSTEMS
ARE NOT YET CERTIFIED**

Certifiable – Report/Letter in Progress

New Mexico
Oregon

Review Results being Analyzed

Alaska
D.C.
Illinois
Maryland

Certifiable in 3 to 6 Months

Pennsylvania
Virgin Islands

Requested Alternative System Penalty = *penalty expected*

Kansas
N. Dakota
Nebraska

None of the Above

California
Indiana
Michigan
Nevada
Ohio
S. Carolina

November 17, 1998

**STATES WHOSE CHILD SUPPORT SYSTEMS
ARE NOT YET CERTIFIED**

1. Alaska
2. California
3. D.C.
4. Illinois
5. Indiana
6. Kansas
7. Maryland
8. Michigan
9. N. Dakota
10. Nebraska
11. Nevada
12. New Mexico*
13. Ohio
14. Oregon*
15. Pennsylvania
16. S. Carolina
17. Virgin Islands

* System has been reviewed and is ready to be certified. Report and certification letter are being prepared.

CALIFORNIA CSE SYSTEM UPDATE

INTERIM APPROACH

Emergency Request to Upgrade 16 County Systems

OCSE Approved 4 Systems

Chosen by CA

- Y2K Compliant
- Meet PRWORA Requirements

NOT a Statewide System

State Owes OCSE a "Formal Request" by November 27

in place by Summer '99

STATEWIDE SYSTEM

Approval of Funding under Planning Advance Planning Document (PAPD) pending signature

Plan ("Implementation Advance Planning Document - IAPD") due late January

Expect CA to propose alternative system configuration with 4 county-based consortia linked to a State SDU/SCR

IAPD must contain:

- Analysis of Alternatives
- Cost Estimates
 - Proposed System
 - Single Statewide System

OCSE decision will take at least 60 days

Other factors:

- State legislation requires Steering Committee to direct a study to determine a "long-term solution" for CA CSE system - HHS is member
- Opportunities Created by Election and LA Times Series on LA CSE program

2-3 yrs

STATES MISSING THE DEADLINE – STATUS AND PENALTY

Region 1

No States affected.

Region 2

Virgin Islands

ACF conducted a functional review in March 1997 and issued a report identifying deficiencies in August 1997. A recently conducted Technical Assistance visit (November 1998) found that most of these deficiencies have not been corrected. They could be corrected within 6 months if the Territory and their contractor (NSI) can resolve differences and serious lack of project staffing on the Territories part are resolved. The VI will probably ask for the alternative penalty, though we have not been formally notified to date. State has received their NOI letter.

Region 3

Pennsylvania

PACSES is implemented in 65 of Pennsylvania's 67 counties. We expect them to be statewide by February 1999. We conducted a Level I Certification Review in September 1997, and shared our draft findings with the Commonwealth. In response to our draft findings, PA has corrected their distribution module. We will issue our final report when we receive the revised testdeck results, which if correct will allow them a conditional Level I, certification. PA should ask for and receive a Level II certification review in February or March 1999. PA has not requested an alternative penalty, and we do not know their thinking on this subject yet. State has received their NOI letter.

District of Columbia

DCCSES was implemented citywide in March 1998. We conducted a Level II Certification Review in September 1998. We have not yet received their testdeck results. The review team noted a number of problems during the review, the most serious being what appeared to be serious data integrity issues. The Baltimore Area Audit Office will be sampling the DCCSES database to determine the severity of the data integrity deficiencies. The status of the testdeck findings is unknown at this time. DC will not be certified as a result of this review. DC has not yet requested an alternative penalty nor informed us as to whether they intend to do so. However, it should be noted that they have a new IV-D Director. State has received their NOI letter.

Maryland

CSES was implemented statewide in March 1998. The State was last reviewed with a Level II Certification Review in August 1998, and we have shared our draft testdeck findings with the State. In response to those draft findings, MD is making modifications to their distribution module. We will issue our final report when we receive the revised testdeck results. Maryland will receive a conditional Level II certification if the revised testdeck results are correct, which is expected sometime before January 1999. The State has not requested an alternative penalty. State has received their NOI letter.

Region 4

South Carolina

South Carolina is currently in the process of an independent validation and verification (IV&V) effort being conducted by KPMG. This process started in May 1998 and is scheduled for completion during the quarter ending March 31, 1999. A limited functional review was conducted June 10-13, 1997, with limited financial functionality available (as the distribution test deck was not run,) and no local office was visited. Any plan to complete the system will depend upon the results and recommendations of the IV&V effort. To date they have not requested a "Penalty" process but have requested a meeting with OCSE to discuss that and other system development issues to be held in mid to late November. State has received their NOI letter.

Region 5

Illinois

Illinois' system is operational statewide (approximately 5% of cases still to be converted). A Certification review was conducted during the week of September 21, 1998 with a follow-on site visit the week of November 16, 1998. A report of that review is currently being written. There is a possibility they will be certified with some major conditions. If not certified based on the last review, we would expect Illinois would probably meet all requirements within six months. If a penalty is necessary state will probably request the alternative penalty, though they are currently awaiting outcome of certification review result. State has received their NOI letter.

Indiana

Indiana's "ISETS" is now fully implemented in 37 of the State's 92 counties (Prosecuting Attorney's [PA] and Clerks of Court [CoC]) and in some manner of operation in 83 PA's offices. An additional 10 CoC will be added by December 10, 1998. A total of 81 CoC have committed to use ISETS. Five of the remaining CoC are expected to commit with

six still in question. All but 2 of the remaining 9 PA offices have expressed a willingness to implement ISETS. The two holdouts are Switzerland and Ohio Counties where the clerks are unwilling to join and the PAs are united with the Clerks. These two counties combined have less than 500 cases. The State is expected to request a waiver from the requirement for a statewide CSES under provisions of HR3130. Marion County (Indianapolis) is asking for this as well, and will assist in the preparation of the waiver request. The Marion County PA office plans to transfer the Connecticut system if the waiver request is granted. The Marion County Clerk is reported to have agreed to use the PA's system. The ISETS system was last reviewed in a September 1995, Level I Review that found the State did not meet the certification requirements. The system is not expected to progress further until the State determines its success at approval of an exemption from the SDU requirement (to which it appears to have pinned all their hope – but which we may well disapprove.) Due to this uncertainty, it's impossible to predict what the state will next do. State will probably request an alternative penalty, though this has not yet been communicated formally to OCSE. State has received their NOI letter.

Michigan

65 of 83 Michigan counties are currently operational on MICSES, with the 66th in two weeks. However, these counties represent less than 30% of caseload on MICSES. Plans are nearing completion for Wayne County [Detroit] to begin conversion to MICSES. Three other large counties are still undecided regarding choice of alternative systems or using MICSES although all are likely to use MICSES. Three small counties plan to use alternative systems. Formal request from State not expected on any of this until sometime in 1999. State does not plan to be fully operational and compliant until September 2000. A certification review (Level I) was conducted in August 1998 with the report currently being written. It appears that several FSA-88 requirements remain unmet and that limited progress on functionality has been made since our last review in 1995. The State does not expect to be fully operational and compliant until September of 2000 at the earliest. Otherwise it appears that the State is near to solution on the numerous political challenges presented and should be able to move ahead to successfully complete the system, albeit 3 years late. State has not made a formal decision to date but will probably request the alternative penalty. State has received their NOI letter.

Ohio

Ohio's "SETS" system is currently operational on a small scale in all Ohio counties. Approximately 30 counties (representing 10% of the caseload) are fully operational on SETS. However, only one county is currently using the IV-A/IV-D interface. State plans to have full statewide operation by October of 1999. ACF conducted a September 1998 Certification review that found, aside from a lack of statewide operation, major functions including EFT/EDI, billing, Federal/State Intercept and the CSENet interface

are not operational. The State continues to pursue implementation of SETS and will eventually be successful, though it is unlikely they will meet their own completion date of October 1999. Ohio has not made a formal decision to date but is expected to request the alternative penalty. State has received their NOI letter.

Region 6

No States Affected.

Region 7

Kansas

Kansas' is uncertified and their current status is that they are essentially starting over after a reassessment of the project in March 1998. Their most recent review was a Level II certification review conducted February 9-12, 1998 which they failed. Their prognosis is for the system to be operational statewide by September 1999. The project is under the careful scrutiny by all branches of State government as a result of Kansas Senate Bill 5 passed earlier this year (establishing a legislative-branch systems oversight board). They have a contract in place for the project, which is in order, although they failed to seek prior approval on task orders for work that has been done since April of 1998. The State has applied for the alternative penalty. The corrective compliance plan has been submitted and is under review. State has received their NOI letter.

Nebraska

Nebraska is uncertified and their current status, as a judicially oriented program, is that they were pursuing an alternative system configuration, for which they do not yet have a waiver. However, as of an October 1998 letter to ACF, the State has decided to instead incorporate most court distribution functions into State's CHARTS (IV-D) system. The system has a lot of potential, though their major problem is that IV-D financial distribution is conducted in a variety of systems (State system, court systems, and county systems). The system is neither statewide nor operational. Their most recent review was a Level II certification conducted March 2-6, 1998 (with the financial management review of the system, including the test deck results, conducted June 29-31, 1998.) The review found that the State passed the test deck with a fair amount of difficulty due to the business practices of the State (ties into the alternative system configuration.) In addition, the prognosis for Nebraska is that they have requested the alternative penalty (dated Oct. 10th) and requested a meeting to discuss the corrective compliance plan (planned for Dec. 7th). A recent APDU submission is under review. However, it appears to be incomplete and cannot be used as a corrective compliance plan. Nebraska's NOI letter was sent in November, 1998.

Region 8

North Dakota

North Dakota will not complete their system until September 30, 1999. A technical assistance visit was conducted on January 21-22, 1998. The review team used the full Certification Questionnaire as a basis for the review. This was like a Level I visit but we did not call it that. The review pinpointed the functional areas, which were still lacking in FACSES. Our findings mirrored the State's own assessment of where they stood functionally. There were no surprises to the State when we itemized the deficiencies during the Exit Conference. North Dakota is aiming to finish FACSES by the next deadline: September 31, 1999. The State submitted a letter on September 30, 1998 requesting that the State be subject to the alternative system penalty in lieu of State Plan disapproval. Per discussion with State, this letter will be followed up with an APDU detailing how, by when, and at what cost the State will achieve compliance with CSE system requirements. That APDU has not yet been received. State has received their NOI letter.

Region 9

California

Statewide Automated Child Support System (SACSS) terminated their FSA-88 project in November 1997 as a failure. They are currently in the Planning Phase of a new project called - California Child Support Automation (CCSA) Project. The State received Federal approval of their Planning APD on July 98 for this new project. Emergency funding for M&O for the existing automated counties was approved in August 1998 as part of an Emergency APD request, the actual APD for which is due November 27, 1998. In addition, the State has a full-blown Implementation APD due to ACF in January 1998. It is anticipated that the State will (but has not yet done so) request the alternative penalty provisions. State has received their NOI letter.

Nevada

The State's "Nevada Operations of Multi-Automated Data Systems (NOMADS)" project is sorely behind schedule. An Implementation Project Technical Assistance/Functional Review of NOMADS was conducted in September 1997. The review found problems in the case management and financial management (distribution) functions that precluded certification. These problems have not yet been resolved. A follow-up Assessment review to determine the need for an IV&V contractor is scheduled for November 17-18, 1998. The State's last approved APDU was submitted in April 1998. The State has informed OCSE that it will pursue the alternative penalty. State has received their NOI letter.

Region 10

Alaska

Alaska's system is currently implemented statewide, and has been since March 1998. A Level II certification review was conducted the week of September 14. During the review, we identified a number of deficiencies, some of which cast concern on the system's certifiability (UCI not fully automated, Interstate timeframes and CSENet not yet implemented, and FPLS and Credit Bureau interfaces still in testing) and other deficiencies which appeared to operational issues such as: User "Worklists" (Morning Mail) was turned off, and Guideline Calculations functionality not being used. We are currently planning to issue the report to the State as a draft and conduct a follow-up review to evaluate the progress and make a final decision. This is necessary because the number of deficiencies identified during the review. The State has decided to make no decision on a penalty until they are informed of our decision regarding certification. State has received their NOI letter.

STATE STATUS - DISTRIBUTION

11/13/98					
STATES	COMPLIES/CURRENT TANF CASES	FORMER ASSISTANCE CASES		RO ASSESSMENT OF COMPLIANCE; WHEN?	AUTOMATED SYSTEM STATUS/ ESTIMATE
		PLAN A (2 STEP)	PLAN B (1 STEP)		
Alabama	X		X		
Alaska	X		X	Dec-98	
Arizona	X	X		Nov-98	
Arkansas	X		X		
California	NO		X	NO	
Colorado	X	X			
Connecticut	WAIVER	X			
Delaware	?		X		
District	NO		X	NO	
Florida		X			
Georgia	?		X		
Guam	X		X	YES	
Hawaii	X		X	YES	
Idaho	X		X		
Illinois			X		
Indiana			X		
Iowa	X	X			
Kansas	?	X			
Kentucky		X			
Louisiana	X		X		
Maine	X	X			
Maryland	?		X		
Massachusetts	X	X			
Michigan			X		
Minnesota		X			
Mississippi			X		
Missouri	?	X			
Montana	X		X		
Nebraska	X	X			
Nevada	X	X			
New Hampshire	X	X			
New Jersey	X	X			

STATE STATUS - DISTRIBUTION

11/13/98					
STATES	COMPLIES/CURRENT TANF CASES	FORMER ASSISTANCE CASES		RO ASSESSMENT OF COMPLIANCE; WHEN?	AUTOMATED SYSTEM STATUS/ ESTIMATE
		PLAN A (2 STEP)	PLAN B (1 STEP)		
New Mexico	X		X		
New York	X		X		
North Carolina	X	X			
North Dakota	X	X			
Ohio		X			
Oklahoma	X		X		
Oregon	X	X			
Pennsylvania	?		X	NO	
Puerto Rico	X		X	YES	
Rhode Island	X		X		
South Carolina	X		X		
South Dakota	X	X			
Tennessee			X		
Texas	X		X		
Utah	X		X		
Vermont	X		X		
Virginia	X		X		
Virgin Islands	X		X	NO	
Washington	X	X			
West Virginia	NO	X			
Wisconsin	WAIVER				
Wyoming	X	X			

STATE DISBURSEMENT UNIT

11/17/98						
STATES	HAS SDU	IF NOT, MANDATORY EFFECTIVE DATE	EXEMPTION REQUEST	REQUEST STATUS	RD ASSESSMENT OF COMPLIANCE; WHEN?	AUTOMATED SYSTEM STATUS/ ESTIMATE
Alabama		10/99				Certified
Alaska	X				Dec-98	Certification Pending
Arizona	X				IV-D ok; Non-IV-D 12/98	Certified
Arkansas	X				Oct-99; IV-D only	Certified
California		10/98	POSSIBLE		FY 99-00	Not Statewide; FY 01 or later
Colorado	X				IV-D ok; Non-IV-D 12/98	Certified
Connecticut	X				Oct-98	Certified
Delaware	X				Oct-99	Certified
District	X					Certification Pending
Florida		10/99				Certified
Georgia		10/99	X	PENDING		Certified
Guam	X				Oct-98	Certified
Hawaii	X				Oct-98	Conditional Certification 11/98
Idaho	X				IV-D only; Non-IV-D 10/99	Certified
Illinois		10/99				Certification Pending
Indiana		10/99	X	PENDING		Not Statewide; Sept 99
Iowa						Certified
Kansas		10/99			Oct-99	Not Statewide; Sept 99
Kentucky		10/98	X	DENIED	12/98; Non-IV-D 10/99	Certified
Louisiana		10/99			Oct-99 (early 99)	Certified
Maine	X				Oct-98	Certified
Maryland		10/99			Oct-99	Certification Pending
Massachusetts	X				Oct-98	Certified
Michigan		10/99				Not Statewide; 65 out of 83 ct
Minnesota		10/98				Certified
Mississippi		10/99	X	WITHDRAWN	Oct-99 (or early 99)	Certified
Missouri		10/99	X	DENIED	Oct-99	Certified
Montana	X				IV-D ok, Non-IV-D 12/98	Certified
Nebraska		10/99			Mar-00 (need legislation)	Not Statewide; Sept 99
Nevada		10/99	X	PENDING	Mar-99	Not Statewide; Sept 99
New Hampshire	X				Oct-98	Certified
New Jersey		10/99			Oct-99	Certified

STATE DISBURSEMENT UNIT

11/17/98						
STATES	HAS SDU	IF NOT MANDATORY EFFECTIVE DATE	EXEMPTION REQUEST	REQUEST STATUS	RD ASSESSMENT OF COMPLIANCE; WHEN?	AUTOMATED SYSTEM STATUS/ ESTIMATE
New Mexico		10/99			Oct-99	Certification Pending
New York	X					Certified
North Carolina		10/99				Certified
North Dakota		10/99				Not Statewide; Sept 99
Ohio		10/99	POSSIBLE			Not Statewide; Oct 99
Oklahoma		10/98			On 2nd RFP; SDU by 3/98	Certified
Oregon	X				Oct-98	Certification Pending
Pennsylvania		10/99				Not Statewide; 2/99 2 ctys left
Puerto Rico	X					Certified
Rhode Island		10/99			Oct-99	Certified
South Carolina		10/99	X	GRANTED		Not Statewide
South Dakota	X		X	GRANTED	IV-D ok; Non-IV-D 12/98	Certified
Tennessee		10/99	POSSIBLE			Certified
Texas		10/99	X	PENDING	Oct-99	Certified
Utah	X				IV-D ok; Non-IV-D 12/98	Certified
Vermont	X				Oct-98	Certified
Virginia	X				Oct-98	Certified
Virgin Islands	X					Not Certified; Statewide
Washington	X				Oct-98	Certified
West Virginia	X				Oct-98	Certified
Wisconsin		10/99				Certified
Wyoming		10/99	X	PENDING		Certified

Diana Fortuna

05/07/98 03:50:33

PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Cynthia A. Rice/OPD/EOP
Subject: LA County pushing on child support penalty exemption

Feinstein and LA County DA Gil Garcetti are pushing hard on an exemption for LA County from the child support penalty. Feinstein has called Erskine and the VP. Today at the briefing for LA County officials, Garcetti raised the issue to Podesta, according to Karen Skelton. Garcetti said Feinstein told him that "the issue was on the President's desk." Garcetti also said that it will be an uphill battle to get the President to change his mind from opposing a waiver to supporting one. Podesta supposedly responded that it may be possible for the WH to say that it does not oppose a waiver, though the WH would be hard pressed to say it supports a waiver. Feinstein is spreading the rumor that the Hill will support this if only we will support or not oppose, but that's not what we are hearing from Hill leaders -- they continue to show no interest in doing this.

While Karen wishes we would change our minds, she isn't taking this up the chain to try to overturn our current position of oppose. So in the meantime, we continue to tell LA County we're not persuaded that it's a good idea. Let us know if this doesn't make sense to you.

Total Pages: 24

LRM ID: MDH187

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Monday, May 4, 1998

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below
Janet R. Forsgren
 FROM: Janet R. Forsgren (for) Assistant Director for Legislative Reference
 OMB CONTACT: Melinda D. Haskins
 PHONE: (202)395-3923 FAX: (202)395-6148
 SUBJECT: REVISED LABOR Conference Document on HR3130 Child Support
 Performance and Incentive Act of 1998

DEADLINE: 3 PM Tuesday, May 5, 1998

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: Attached is the revised Department of Labor letter to the H.R. 3130 conferees. Also attached is a House Ways and Means discussion draft that would amend the Senate-passed bill's medical child support provisions and the Department's proposed substitute to this language.

We expect the H.R. 3130 conferees to meet shortly. For this reason, this deadline is firm. We will assume that you have no objection if you do not reply by the comment deadline.

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LRM ID: MDH187 SUBJECT: REVISED LABOR Conference Document on HR3130 Child Support Performance and Incentive Act of 1998

RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Melinda D. Haskins Phone: 395-3923 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: (Date)
(Name)
(Agency)
(Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

- Concur
No Objection
No Comment
See proposed edits on pages
Other:
FAX RETURN of pages, attached to this response sheet

DRAFT LETTER TO CONFEREES ON HR3130

Dear :

I am writing to provide you with the views of the Department of Labor on H.R. 3130, the "Child Support Performance and Incentive Act of 1998." The Department strongly supports the goals of this legislation. As you know, one of my primary goals as Secretary of Labor is to help people make the transition from welfare to work. To succeed, we must work closely with the States, as well as businesses, unions, churches and community organizations, to help welfare recipients find and keep real jobs with wages that reward work. One way to help parents find and keep jobs is to assure that their children have health care coverage by being enrolled in group health plans sponsored by employers of non-custodial parents.

I also want to alert you to provisions found in section 401 of the Senate-passed bill which would amend section 609 of the Employee Retirement Income Security Act (ERISA). (The ERISA provisions were originally added as conforming changes to child support initiatives under the Social Security Act in 1993.) ERISA section 609 currently allows for "qualified medical child support orders," which operate to enroll children in employer-sponsored group health plans that cover their non-custodial parents.

Under ERISA, a plan administrator does not have to implement a medical support order unless it is "qualified," i.e., it satisfies certain conditions including clearly specifying the type of coverage to be provided. Only orders "qualified" under ERISA operate to enroll the child in the plan. In that event, under the Social Security Act, any premiums required by the plan for dependents' coverage may be withheld from the wages of the non-custodial parent.

We have been advised by various State child support agencies, however, that current law does not fully effectuate Congress' intent in this area. We have also been advised that plan administrators frequently reject medical child support orders for technical reasons relating to the qualification requirements of current law.

The Senate-passed version of H.R. 3130 is intended to eliminate these and other impediments to the effective administration and enforcement of medical child support orders. It is the view of the Department, however, that the language in section 401 of the Senate-passed bill may not fully accomplish this objective. For

example, while the bill would require the creation of a National Standardized Medical Support Notice, it would not prevent plan administrators from continuing to raise technical reasons for rejecting medical child support orders, such as if the order neglected to fully describe a specific option for coverage available under the plan.

We have received a copy of an April 22, 1998, discussion draft bill and are attaching suggested technical improvements. We believe our suggested language, which builds upon the draft bill, is consistent with Congressional intent and will make ERISA's medical child support order provisions administratively feasible for both state child support agencies and plan administrators. Also attached is a more detailed explanation of our proposed substitute language.

The Office of Management and Budget has advised us that ...

Sincerely,

Alexis Herman
Secretary of Labor

Attachments

ATTACHMENT**Explanation of Proposed Substitute 401(d)
(Amendment to section 609(a) of ERISA)**

The attached substitute for the current section 401(d) of the April 22, 1998, discussion draft bill, would add new language to clarify and simplify the requirements that orders providing for health benefit coverage of dependent children must meet to be effective with respect to ERISA-covered health plans under section 609(a) of ERISA. This substitute would not affect the provisions contained in sections 401(a), (b), and (c) of the draft bill that create a Working Group and mandate the promulgation of regulations to create a National Standardized Medical Child Support Order. It also retains the mandate contained in the current section 401(d) that the Secretary of Labor, in consultation with the Secretary of Health and Human Services, report to Congress on recommendations for further legislative changes to improve the effectiveness of child support enforcement and the provision "deeming" National Standardized Medical Child Support Orders to be "qualified medical child support orders" (QMCSOs) for purposes of section 609(a) of ERISA. If this substitute is adopted, several conforming changes would be required to section 402 of the bill. These are noted at the end of the substitute language.

The substitute, by making certain additional changes to section 609(a) of ERISA, would facilitate medical child support enforcement by simplifying the requirements that an order must satisfy to be a QMCSO. It would also simplify the procedural steps that a plan administrator must take to determine whether an order meets those requirements. However, plan administrators would still, under this substitute, determine whether an order is a QMCSO and would be able to reject orders that are inappropriate, such as those that name as participants individuals who are not eligible to be covered under an employer's group health plan or that specify coverage that is not provided by the employer.

To achieve these aims, the substitute provides specifically that:

- Orders can be issued either pursuant to State domestic relations law or pursuant to a State child support enforcement program maintained in accordance with Subtitle IV-D of the Social Security Act (thus eliminating current law's reference to orders "enforcing" State laws described in section 1908 of the Social Security Act);
- Orders need not specify the "period to which the order applies;" they will be presumed to apply whenever group health coverage is available to the participant;
- Orders may, but need not, describe the "type of coverage to be provided;" any order that only provides for health benefit coverage will be deemed to refer to the least cost option under the plan;
- Plan administrators must notify participants and named children of receipt of any medical child support order within 10 days of receipt;
- Plan administrators must, within 21 days of receipt, either begin covering the child or

provide written reasons why the order is not qualified;

- **Plan administrators are expressly prohibited from imposing any qualification requirements not expressly provided in the statute;**
- **Adoptive children are expressly included as children eligible to be named in a QMCSO (this provision is also included in the current draft at section 402(b)(2));**
- **Plans' preexisting condition limitations, waiting periods, or open enrollment season restrictions will not apply to children named in QMCSOs.**

ATTACHMENT**SUBSTITUTE SECTION 401(d)****(d) Technical and conforming amendments to ERISA --**

(1) Section 609(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)) is amended as follows:

(A) Strike subsection (a)(2) and replace it with the following:

"§ 609(a)(2) Definitions. For purposes of this subsection --

"(A) Medical child support order. The term "medical child support order" means any judgment, decree, or order (including approval of a settlement agreement) which

"(i) provides for health benefit coverage of a child of a participant under a group health plan (whether or not the participant is currently covered),

"(ii) is made pursuant to (i) a State domestic relations law or (ii) a State child support enforcement program maintained in accordance with Subtitle IV-D of the Social Security Act, and

"(iii) is issued by a court of competent jurisdiction or through an administrative process that has the force and effect of law under applicable State law. For purposes of this subparagraph, an administrative notice which is issued pursuant to an administrative process referred to in the preceding sentence and which has the effect of an order described in clause (ii) herein shall be treated as such an order.

"(B) Qualified medical child support order. The term "qualified medical child support order" means a medical child support order that --

"(i) specifies the name and last known mailing address (if any) of a participant in a group health plan and the name and mailing address of each child of the participant to which the order applies, except that, to the extent provided in the order, the name and mailing address of an official of a State or political subdivision thereof may be substituted for the mailing address of any such child,

"(ii) reasonably describes the health benefits that are to be provided to each child named in the order, except that, if the order does not describe such benefits, such order will be deemed to refer to the least cost option available under the plan, and

"(iii) does not require a group health plan to provide benefits not otherwise available under the plan, except to the extent required by a

State law concerning medical child support described in section 1908 of the Social Security Act.

"(C) Child. The term "child" includes any child adopted by or placed for adoption with a participant of a group health plan."

(B) Strike paragraphs (3) and (4) and insert the following:

"(3) Procedural requirements.

"(A) Timely notifications and determinations. In the case of any medical child support order received by a group health plan --

"(i) not later than 10 days after receipt, the plan administrator shall notify the participant and each child named in the order, or such child's designated representative, of the receipt of such order, and

"(ii) within 21 days of the receipt of such order, the plan administrator shall either (i) immediately provide the coverage referred to in paragraph (2)(B)(ii), notwithstanding any waiting periods that would otherwise be applicable, and provide notice to the child or the child's designated representative that coverage is being provided, a description of the coverage provided, and the effective date of such coverage; or (ii) provide written notice to the child, or the child's designated representative, specifying the reasons why the order is not qualified.

"(B) The plan administrator shall not impose any requirements for qualification that are not specified in this subsection.

"(C) The plan shall permit each child named in a medical child support order to designate a representative for receipt of copies of notices that are sent to the child with respect to a medical child support order. Such designation may be included in the medical child support order or in a separate document.

"(D) National Standardized Medical Support Notice Deemed to be a Qualified Medical Child Support Order --

"(i) In General -- If the plan administrator of a group health plan which is maintained by the employer of a noncustodial parent of a child or to which such an employer contributes receives an appropriately completed National Standardized Medical Support Notice promulgated pursuant to section 401(b) of the Child Support Performance and Incentive Act of 1998 in the case of such child, and the Notice meets the requirements of subsection (a)(2)(B), the notice

shall be deemed to be a qualified medical child support order in the case of such child.

"(ii) If the name and mailing address of an official of a State or political subdivision thereof has been substituted for the mailing address of the child named in a National Standardized Medical Support Notice, such official shall be deemed to be the child's designated representative for purposes of paragraph (3)(C).

"(iii) Rule of construction — Nothing in this subparagraph shall be construed to change the applicability of paragraph (2)(B)(3) to any medical child support order, including a National Standardized Medical Support Notice.

"(4) Treatment of children named in orders.

"(A) Treatment as a beneficiary generally. A child who is named in a qualified medical child support order shall be considered a beneficiary under the plan for purposes of any provision of this Act.

"(B) Treatment as participant for purposes of disclosure requirements. A child named in any medical child support order shall be considered a participant under the plan for purposes of the disclosure requirements of part 1 [ERISA 5101 et seq.].

"(C) Preexisting conditions. A group health plan may not restrict coverage or benefits under the plan of any child named in a qualified medical child support order solely on the basis of a preexisting condition of such child."

(C) Strike paragraphs (5), (6) and (7).

(D) Redesignate paragraph (8) as paragraph (5) and redesignate paragraph (9) as paragraph (6).

(2) CONFORMING AMENDMENTS TO SECTIONS 502(a)(7) AND 514(b)(7)

(A) Section 502(a)(7) is amended by striking "609(a)(2)(A)" and inserting in its place "609(a)(2)(B)."

(B) Section 514(b)(7) is amended by striking "609(a)(2)(A)" and inserting in its place "609(a)(2)(B)", and by striking "609(a)(2)(B)(ii)" and inserting in its place "609(a)(2)(B)(iii)."

[NOTE: THE AMENDMENT CONTAINED IN SUBPARAGRAPH (B) ABOVE CAN BE COMBINED WITH THE AMENDMENT CONTAINED IN SUBPARAGRAPH (B) OF SECTION 402 OF THE APRIL 22, 1998 DISCUSSION DRAFT, WHICH ALSO PERTAINS TO SECTION 514(b)(7)]

(3) REPORT AND RECOMMENDATIONS REGARDING THE ENFORCEMENT OF QUALIFIED MEDICAL CHILD SUPPORT ORDERS UNDER ERISA — Not later than 8 months after the issuance of the report to the Congress pursuant to section 401(a)(5)(B), the Secretary of Labor, in consultation with the Secretary of Health and Human Services, shall submit to the Committee on Education and the Workforce and the Committee on Ways and Means of the House of Representatives and the Committee on Labor and Human Resources and the Committee on Finance of the Senate a report containing recommendations for appropriate legislation to improve the effectiveness of, and enforcement of, qualified medical child support orders under the provisions of section 609(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1169(a)), as amended by this subsection.

[NOTE: Section 402(b)(1)(C) and 402(b)(2) should be struck, and paragraph (3) redesignated as paragraph (2).]

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[DISCUSSION DRAFT]

APRIL 22, 1998

1 TITLE IV—MISCELLANEOUS

2 SEC. 401. ELIMINATION OF BARRIERS TO THE EFFECTIVE
3 ESTABLISHMENT AND ENFORCEMENT OF
4 MEDICAL CHILD SUPPORT.

5 (a) STUDY ON EFFECTIVENESS OF ENFORCEMENT
6 OF MEDICAL SUPPORT BY STATE AGENCIES.—

7 (1) MEDICAL CHILD SUPPORT WORKING
8 GROUP.—The Secretary of Health and Human Serv-
9 ices and the Secretary of Labor shall jointly estab-
10 lish a Medical Child Support Working Group. The
11 purpose of the Working Group shall be to identify
12 the impediments to the effective enforcement of
13 medical support by State agencies administering the
14 program established under part D of title IV of the
15 Social Security Act.

16 (2) MEMBERSHIP.—The Working Group shall
17 consist of not more than 20 members and shall be
18 composed of representatives of—

19 (A) the Department of Labor;

20 (B) the Department of Health and Human
21 Services;

22 (C) State directors of programs under part
23 D of title IV of the Social Security Act;

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1 (D) State directors of the medical program under title XIX of the Social Security Act;

2
3
4 (E) employers, including owners of small businesses;

5
6 (F) plan administrators and plan sponsors of group health plans (as defined in section 607(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1167(1));

7
8
9 (G) children potentially eligible for medical support, such as child advocacy organizations; and

10
11
12 (H) State public welfare programs.

13
14 (3) COMPENSATION.—The members shall serve without pay. Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

15
16
17
18
19 (4) ADMINISTRATIVE SUPPORT.—The Department of Health and Human Services and the Department of Labor shall jointly provide appropriate administrative support to the Working Group, including technical assistance. The Working Group may use the services and facilities of either such De-

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1 partment, with or without reimbursement, as jointly
2 determined by such Departments.

3 (5) REPORTS.—

4 (A) RECOMMENDATIONS FOR NATIONAL
5 STANDARDIZED MEDICAL SUPPORT NOTICE.—

6 (i) REPORT BY WORKING GROUP TO
7 SECRETARIES.—Not later than 4 months
8 after the date of the enactment of this Act,
9 the Working Group shall submit to the
10 Secretary of Health and Human Services
11 and the Secretary of Labor a report con-
12 taining recommendations with respect to
13 the form and content of a National Stand-
14 ardized Medical Support Notice.

15 (ii) REPORT BY SECRETARIES TO THE
16 CONGRESS.—Not later than 2 months after
17 receipt of the report pursuant to clause (i),
18 the Secretaries shall jointly submit a re-
19 port to each House of the Congress regard-
20 ing the recommendations contained in the
21 report under clause (i).

22 (B) RECOMMENDATIONS ON OTHER MAT-
23 TERS.—

24 (i) REPORT BY WORKING GROUP TO
25 THE SECRETARIES.—Not later than 18

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1 months after the date of the enactment of
2 this Act, the Working Group shall submit
3 to the Secretary of Labor and the Sec-
4 retary of Health and Human Services a re-
5 port containing recommendations for ap-
6 propriate measures to address the impedi-
7 ments to the effective enforcement of medi-
8 cal support by State agencies administer-
9 ing the program established under part D
10 of title IV of the Social Security Act iden-
11 tified by the Working Group, including—

12 (I) appropriate measures that es-
13 tablish the priority of withholding of
14 child support obligations, medical sup-
15 port obligations, arrearages in such
16 obligations, and, in the case of a med-
17 ical support obligation, the employee's
18 portion of any health care coverage
19 premium, by the State agency admin-
20 istering the program established
21 under part D of title IV of the Social
22 Security Act in light of the restric-
23 tions on garnishment provided under
24 title III of the Consumer Credit Pro-
25 tection Act (15 U.S.C. 1671-1677);

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1 (II) appropriate procedures for
2 coordinating the provision, enforce-
3 ment, and transition of health care
4 coverage under the State programs es-
5 tablished under part D of title IV of
6 the Social Security Act and titles XIX
7 and XXI of such Act;

8 (III) appropriate measures to im-
9 prove the enforcement of alternate
10 types of medical support that are
11 aside from health coverage offered
12 through the noncustodial parent's
13 health plan and unrelated to the non-
14 custodial parent's employer, including
15 measures that establish a noncustodial
16 parent's responsibility to share the
17 cost of premiums, copayments,
18 deductibles, or payments for services
19 not covered under a child's existing
20 health coverage; and

21 (IV) appropriate measures for
22 eliminating any other impediments to
23 the effective enforcement of medical
24 support orders that the working group
25 deems necessary.

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1 (ii) REPORT BY SECRETARIES TO THE
2 CONGRESS.—Not later than 2 months after
3 receipt of the report pursuant to clause (i),
4 the Secretaries shall jointly submit a re-
5 port to each House of the Congress regard-
6 ing the recommendations contained in the
7 report under clause (i).

8 (6) TERMINATION.—The Working Group shall
9 terminate 30 days after the date of the issuance of
10 its report under paragraph (5)(B).

11 (b) PROMULGATION OF NATIONAL STANDARDIZED
12 MEDICAL SUPPORT NOTICE.—

13 (1) IN GENERAL.—Upon receipt of the report of
14 the Medical Child Support Working Group pursuant
15 to subsection (a)(5)(A), the Secretary of Health and
16 Human Services and the Secretary of Labor shall
17 jointly develop and promulgate by regulation—

18 (A) a National Standardized Medical Sup-
19 port Notice that satisfies the requirements of
20 section 609(a)(3) of the Employee Retirement
21 Income Security Act of 1974 (29 U.S.C.
22 1169(a)(3)) and the requirements of part D of
23 title IV of the Social Security Act and shall be
24 used by States to enforce medical support or-
25 ders; and

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1 (B) appropriate procedures for the trans-
2 mission of such Notice to employers by State
3 agencies administering the program established
4 under part D of title IV of the Social Security
5 Act.

6 In issuing such regulations, the Secretaries shall
7 take into account the recommendations of the Medi-
8 cal Child Support Working Group presented in its
9 report under subsection (a)(5)(A).

10 (2) INITIAL REGULATIONS.—Not later than 6
11 months after the date of the receipt of such report,
12 the Secretaries shall issue proposed regulations pro-
13 viding for the National Standardized Medical Sup-
14 port Notice.

15 (3) FINAL REGULATIONS.—Not later than 6
16 months after the issuance of the initial regulations
17 under paragraph (2), the Secretary of Health and
18 Human Services and the Secretary of Labor shall
19 jointly issue final regulations providing for the Na-
20 tional Standardized Medical Support Notice.

21 (c) REQUIRED USE BY STATES OF NATIONAL
22 STANDARDIZED MEDICAL CHILD SUPPORT NOTICES.—

23 (1) STATE PROCEDURES.—Section 466(a)(19)
24 of the Social Security Act (42 U.S.C. 666(a)(19)) is
25 amended to read as follows:

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1 “(19) HEALTH CARE COVERAGE.—Procedures
2 under which—

3 “(A) effective not later than October 1,
4 2000, all child support orders enforced pursu-
5 ant to this part include a provision for the
6 health care coverage of the child which is en-
7 forced, where appropriate, through the use of
8 the National Standardized Medical Support No-
9 tice promulgated pursuant to section 401(b) of
10 the Child Support Performance and Incentive
11 Act of 1998;

12 “(B) in any case in which a noncustodial
13 parent is required under the child support order
14 to provide such health care coverage and the
15 employer of such noncustodial parent is known
16 to the State agency—

17 “(i) the State agency uses the Na-
18 tional Standardized Medical Support No-
19 tice to transfer notice of the provision for
20 the health care coverage of the child to the
21 employer;

22 “(ii) within 7 days after receipt of the
23 National Standardized Medical Support
24 Notice, the employer is required to transfer
25 the Notice to the appropriate plan provid-

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1 ing any such health care coverage for
2 which the child is eligible;

3 "(iii) in any case in which the plan
4 providing such health care coverage to
5 which the employer transfers the Notice
6 pursuant to clause (ii) requires employee
7 contributions, the State agency provides
8 the employer with an income withholding
9 notice with respect to the employee con-
10 tributions; and

11 "(iv) in any case in which the non-
12 custodial parent is a newly hired employee
13 entered in the State Directory of New
14 Hires pursuant to section 458A(c), the
15 State agency provides, where appropriate,
16 an income withholding notice within 2 days
17 after the date of the entry of such em-
18 ployee in such Directory; and

19 "(C) any liability of the noncustodial par-
20 ent to such plan for employee contributions
21 which are required under such plan for enroll-
22 ment of the child is effectively subject to appro-
23 priate enforcement, unless the noncustodial par-
24 ent contests such enforcement based on a mis-
25 take of fact."

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1 (2) CONFORMING AMENDMENTS.—Section
2 452(f) of such Act (42 U.S.C. 652(f)) is amended in
3 the first sentence—

4 (A) by striking “petition for the inclusion
5 of” and inserting “include”; and

6 (B) by inserting “and enforce medical sup-
7 port” before “whenever”.

8 (d) NATIONAL STANDARDIZED MEDICAL SUPPORT
9 NOTICE DEEMED A QUALIFIED MEDICAL CHILD SUP-
10 PORT ORDER.—

11 (1) AMENDMENT TO ERISA.—Section 609(a)(5)
12 of the Employee Retirement Income Security Act of
13 1974 (29 U.S.C. 1169(a)(5)) is amended by adding
14 at the end the following:

15 “(C) NATIONAL STANDARDIZED MEDICAL
16 SUPPORT NOTICE DEEMED TO BE A QUALIFIED
17 MEDICAL CHILD SUPPORT ORDER.—

18 “(i) IN GENERAL.—If the plan admin-
19 istrator of a group health plan which is
20 maintained by the employer of a noncusto-
21 dial parent of a child or to which such an
22 employer contributes receives an appro-
23 priately completed National Standardized
24 Medical Support Notice promulgated pur-
25 suant to section 401(b) of the Child Sup-

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1 port Performance and Incentive Act of
2 1998 in the case of such child, and the no-
3 tice meets the requirements of paragraphs
4 (3) and (4), the notice shall be deemed to
5 be a qualified medical child support order
6 in the case of such child.

7 “(ii) ENROLLMENT OF CHILD IN
8 GROUP HEALTH PLAN.—In any case in
9 which an appropriately completed National
10 Standardized Medical Support Notice—

11 “(I) which is issued in the case of
12 a child of a participant under a group
13 health plan who is a noncustodial par-
14 ent of the child, and

15 “(II) which is deemed under
16 clause (i) to be a qualified medical
17 child support order,

18 the plan administrator, within 21 business
19 days after receipt of the Notice, shall no-
20 tify the State agency issuing the notice
21 with respect to such child whether coverage
22 of the child is available under the terms of
23 the plan and, if so, whether such child has
24 been enrolled under the plan and the effec-
25 tive date of the enrollment, and shall pro-

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1 vide to the custodial parent (or the official
2 of a State or political subdivision thereof
3 substituted for the name of such child pur-
4 suant to paragraph (3)(A)) any docu-
5 mentation of such enrollment necessary for
6 notification of the custodial parent (or
7 such official) of such enrollment.

8 “(iii) RULE OF CONSTRUCTION.—
9 Nothing in this subparagraph shall be con-
10 strued as requiring a group health plan,
11 upon receipt of a National Standardized
12 Medical Support Notice, to provide benefits
13 under the plan (or eligibility for such bene-
14 fits) in addition to benefits (or eligibility
15 for benefits) provided under the terms of
16 the plan as of immediately before receipt of
17 such Notice.”

18 (2) REPORT AND RECOMMENDATIONS REGARD-
19 ING THE ENFORCEMENT OF QUALIFIED MEDICAL
20 SUPPORT ORDERS UNDER ERISA.—Not later than 8
21 months after the issuance of the report to the Con-
22 gress pursuant to section 401(a)(5)(B), the Sec-
23 retary of Labor, in consultation with the Secretary
24 of Health and Human Services, shall submit to the
25 Committee on Education and the Workforce and the

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1 Committee on Ways and Means of the House of
2 Representatives and the Committee on Labor and
3 Human Resources and the Committee on Finance of
4 the Senate a report containing recommendations for
5 appropriate legislation to improve the effectiveness
6 of, and enforcement of, qualified medical child sup-
7 port orders under the provisions of section 609(a) of
8 the Employee Retirement Income Security Act of
9 1974 (29 U.S.C. 1109(a)).

10 SEC. 402. TECHNICAL CORRECTIONS.

11 (a) AMENDMENT RELATING TO PUBLIC LAW 104-
12 266.—

13 (1) IN GENERAL.—Subsection (f) of section 101
14 of the Employee Retirement Income Security Act of
15 1974 (29 U.S.C. 1021(f)) is repealed.

16 (2) EFFECTIVE DATE.—The amendment made
17 by subsection (a) shall take effect as if included in
18 the enactment of the Act entitled "An Act to repeal
19 the Medicare and Medicaid Coverage Data Bank",
20 approved October 2, 1996 (Public Law 104-226;
21 110 Stat. 3033).

22 (b) AMENDMENTS RELATING TO PUBLIC LAW 103-
23 66.—

24 (1) IN GENERAL.—(A) Section 4301(c)(4)(A) of
25 the Omnibus Budget Reconciliation Act of 1993

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1 (Public Law 103-66; 107 Stat. 377) is amended by
2 striking "subsection (b)(7)(D)" and inserting "sub-
3 section (b)(7)".

4 (B) Section 514(b)(7) of the Employee Retirement
5 Income Security Act of 1974 (29 U.S.C.
6 1144(b)(7)) is amended by striking "enforced by"
7 and inserting "they apply to".

8 (C) Section 609(a)(2)(B)(ii) of such Act (29
9 U.S.C. 1169(a)(2)(B)(ii)) is amended by striking
10 "enforces" and inserting "is made pursuant to".

11 (2) CHILD DEFINED.—Section 609(a)(2) of the
12 Employee Retirement Income Security Act of 1974
13 (29 U.S.C. 1169(a)(2)) is amended by adding at the
14 end the following:

15 "(D) CHILD.—The term 'child' includes
16 any child adopted by, or placed for adoption
17 with, a participant of a group health plan."

18 (3) EFFECTIVE DATE.—The amendments made
19 by paragraph (1) shall be effective as if included in
20 the enactment of section 4301(c)(4)(A) of the Omni-
21 bus Budget Reconciliation Act of 1993.

MEMO

To: Erskine Bowles, Bruce Reed
From: Lauren Choi, Counsel on Judiciary Committee
Subject: Los Angeles County - Child Support Enforcement System Requirement
Date: May 4, 1998

Senator Feinstein would like to arrange a phone appointment with you this week to discuss the issues outline in the attached letter.

cc: Cynthia

This is the
Erskine "letter".

I think.

Diana



United States Senate

WASHINGTON, DC 20510-0504

(202) 224-3841

April 8, 1998

The Honorable William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C., 20500

Dear Mr. President:

I am writing to urge the Administration to support an exemption for Los Angeles County from the penalties imposed on states for not having a certified child support enforcement system as required under the 1988 Family Support Act and the 1996 Welfare Reform.

As you may know, both the House and the Senate have recently passed different versions of the Child Support Performance and Incentive Act, HR 3130, which lowers the penalties imposed on states who missed the October 1, 1997 deadline.

Neither bill provides exemptions for Los Angeles County despite the fact that L.A. County has successfully completed its system by the October 1997 deadline. In 1989, Health and Human Services provided separate funding for L.A. County and urged L.A. County to create its own system separate from the rest of California because of its large caseload, which is larger than 42 other states. Health and Human Services has also recently recognized that L.A. County's system could be certified separately in its March 2, 1998 proposed rules (42 CFR Part 307).

Both Representative Shaw and Senator Roth's staff have indicated that their members will support a penalty exemption for L.A. County if the Administration demonstrates its support. Your action now is key to continuing the LA County federal success model.

For California, 25 percent of the penalty will be borne by LA County, the largest county in the nation serving 550,000 families.

FRESNO OFFICE:
1130 O' STREET
SUITE 2448
FRESNO, CA 93721
PHONE 438-7400

LOS ANGELES OFFICE:
11111 SANTA MONICA BLVD.
SUITE 818
LOS ANGELES, CA 90026
(310) 914-7800

SAN DIEGO OFFICE:
750 'B' STREET
SUITE 1030
SAN DIEGO, CA 92101
(619) 231-8718

SAN FRANCISCO OFFICE:
525 MARKET STREET
SUITE 3670
SAN FRANCISCO, CA 94105
(415) 836-0668

Mr. President, this is an urgent and time sensitive matter since the Conference will meet soon to determine whether L.A. County will be exempted from the penalties in the final bill. I urge you to support this provision in conference and I would appreciate your timely response. Please let me know as soon as possible.

With warmest personal regards.

Sincerely yours,

Dianna Feinstein
United States Senator

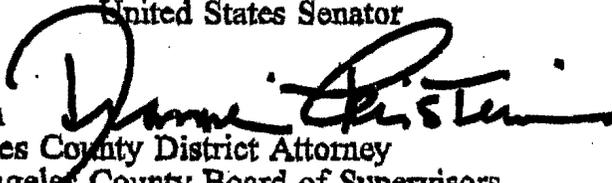
DF:jd

cc: Mayor Richard Riordan

Gil Garcetti, Los Angeles County District Attorney

Members of the Los Angeles County Board of Supervisors

Members of the Los Angeles City Council

A handwritten signature in black ink, appearing to read "Dianna Feinstein", is written over the typed name and title. The signature is fluid and cursive.

Karen Skelton
Larry Silverman
Wayne Doss

2/23

Wayne Doss

- Gil trying to see what's at VP
- Working w/ Feinstein on alternatives

Who
on way
possibly

a) 4/8/12/16/20
not 4/8/16/20/20

b) Staw = in year 75% forgiven
Feinstein = Conviction action plan
~~to~~ court qualify for 75%
forgiveness if meet CAP milestones

c) Feinstein - recognition of CA waiver
late 1980s

built link to state system
=> eliminate CA county's share of penalty

CA = bigger than all but 8 states

~~should~~ → should the state penalty include
CA county's share?

What do
they
want

→

(2)

Douglas Hyde

Stanton 1988

→ as condition of funding 85/86
audit → will require you to file
for federal waiver

→ best original 1995 deal
→ would be certified if state
~~AAAWA~~

→ funding does always separate

→ BBA - ? \$400mi

→ funds LA separately

→ Calif waiver had to attached
(cost neutral, but CA
could keep collectors)

Haskins drafted lang that would have
exempted LA

→ Haskins said he would put
in if we agree

Morabam

3

- ① Blue reduce Calif penalty any further → Calif will take longer
- ② LA system good, but doesn't do all the things - connect to rest of state - connect to other 49
Blame is w/ state
- ③ Precedent - lots of other large countries

Don't think Calif should penalize LA
PA

Judge

MD - all but Baltimore

We deal w/ states, not 2000 countries

Doos

LA country is different
↳ history of war

Slooman

(4)

John

Don't want to do anything to
relieve pressure on
California

- ToDo
- ① Email Brant
 - ② Briefing paper for VP/Shalata
→ JIM?
→ draft
 - ③ Email skeleton
→ corral?

Doos

Some advisors have said
they would trade
→ no linked system
→ yes exemption for LA

John

Concerned at both things

Silverman

Don't oppose linked system
Just not their priority

But believe that politically, linked
system wouldn't work

San Diego
Alameda

most
worst
linked

~~More than 3~~
Program for more than 3 system
→ will fail

27 counties on SF



FACSIMILE TRANSMISSION

**ADMINISTRATION FOR CHILDREN AND FAMILIES
OFFICE OF THE ASSISTANT SECRETARY
370 L'ENFANT PROMENADE, S.W.
WASHINGTON, D.C. 20447**

DATE: *2/20/98*
Name: *Price*
Telephone: *456-5593*
Fax: *456-7431*
Number of Pages (excluding cover): *6*

FROM: **JOHN MONAHAN**
Office of the Assistant Secretary

Telephone: **(202) 401-5180**
Fax: **(202) 401-4678**

MESSAGE:

- ① Not what we want in system
- ② Recycled - late implementation
- ③ State responsibility

ACF/30111 000 → Dr. it was system signed under the waiver

DRAFT
19 February 1998

LOS ANGELES COUNTY

Background

In March, 1989, ACF signed an MOU with the State of California and LA County. ACF agreed to notify the State of California that LA County "is eligible to establish its own automated system which may be separate from any other systems(s) which may be required in other counties." The MOU says (1) that the parties will work together to develop and approve an APD and to revise RFP and APD documents and (2) that the State will request and ACF will consider a waiver under section 1115 to provide 90% funding for the development of LA's system.

In March, 1989, ACF issued a section 1115 waiver to the State of California to allow the State to received 90% funding for developing an automated CSE system in Los Angeles County. (Under the regulations issued in 1992, LA County would have been considered an "alternative system." FFP for development of alternative systems is not available under those regulations.) The project period was from April 1, 1989 to March 31, 1995. The project is now over. Funding was conditioned upon the County's meeting certain requirements, including collection increases.

In March, 1992, ACF approved an APD submitted by the State of California. Our approval included a waiver for an alternative system configuration. This configuration involved linking the LA County ARS system to CA's SACSS. In December 1997, ACF suspended this APD as CA had abandoned the project approved in the APD. Currently, ACF is waiting for a planning APD from CA.

Relief Sought by LA County

LA County is seeking not to be included in the penalty that would be assessed against California under the bill introduced by Congressmen Shaw and Levin. We haven't seen legislative language, but understand that what LA County is after is a proportionate reduction in CA's penalty (reflecting the fact that LA County has "a system") and some protection against the State's passing the penalty along to LA County.

OCSE Position

OCSE does not support LA County's request for the following reasons:

Meeting the statutory requirement for a statewide system is a state responsibility. Therefore, the penalty needs to be assessed against the State, not against parts of the State. How the penalty may be distributed within a State is a matter best decided by the State's political process, not Federal prescription.

LA County's system, while having a high level of functionality, does not meet FSAct requirements for a Statewide system. By definition, only a Statewide system can do that. This is more than a semantic distinction. Not having LA County as part of a California system disadvantages not just other CA counties, but other States as well. For example, LA County does not have linkages to a variety of data bases and interstate cases - or, where such linkages have been built, they duplicate the linkages that the state is required to build.

Dead
- No interstate cases
- electronic
- statewide
- distribute
- Interstate
- other county cases

Distinguishing LA County because it received a waiver under section 1115 is very weak. A number of other counties in CA, as well as counties in other States which missed the deadline, could also claim the same, or nearly the same, functionality as LA County. We're very concerned that the relatively simple and certain penalty process in the W&M bill could rapidly become something that would be very difficult to administer and uncertain in outcome.

We haven't seen a lot of support for LA County's proposal. There's some level of resentment, at least among State IV-D directors and state system staff, regarding the special treatment LA County has received, i.e., its 1115 waiver and special treatment under the \$400M allocation.

LA County will argue that they'd be unfairly penalized. We're, of course, not penalizing LA County; we're penalizing the State of California.

LA will also argue that they did what they were supposed to do under the 1115 project, i.e., they built a system. (Whether they met all the requirements of the 1115 project is open to question.) That's true, but largely irrelevant to the situation the State's in. The State committed to building an alternative system configuration and failed to do that; therefore, the State is subject to a penalty.

LA is also much better off under the W&M bill, even if the State did pass a share of the penalty along to LA County, than they would be under current law, i.e., with all IV-D funding cut off.

SENT BY AEROSPACE BLDG. 2-20-98 12:04 PM AC/73011E 000 202 400 0011

To: Norman L Thompson@OCSE.OASP@ACF.WDC
Robin Rushton@OCSE.OASP.SS@ACF.WDC
Paul Legler@OCSE.OD@ACF.WDC
David G Ross@OCSE.OD@ACF.WDC
Robert Keith@OGC.CFA@OS.DC
Gaile R Maller@OCSE.DPP@ACF.WDC

Cc:
Bcc:
From: Elizabeth C Matheson@OCSE.DPP@ACF.WDC
Subject: LA County 1115 waiver
Date: Thursday, February 19, 1998 17:08:22 EST
Attach:
Certify: N
Priority: Normal
Defer until:
Expires:
Forwarded by:

Gaile and I went back over our files on the LA county waiver and have a couple of additions to Norm's memo.

1. In January 1994, CA requested an extension of the waiver, I believe because they were afraid they'd miss the targets because of the delay in AFDC system being operational (something the targets had assumed). At that time, my notes indicate that we decided not to grant an extension and to wait to see if they actually missed any targets.
2. I agree the agreement seems to terminate in 1995 and nothing was done to extend it so I'm not sure why that's not the simple answer. There have been lots of conversations with the State and LA county but little agreed to in writing since the original letter from Wayne to CA in 1989.
3. Neither Gaile nor I had ever seen the MOU between Wayne and LA county that LA county gave Feinstein. It does have one paragraph in it at the bottom of page 2 that I wonder about.
4. I'm not sure how important missed collection targets are to the issue at hand but: We calculated that LA county owed us about \$3000 for having missed the FY94 collection target (repayment of the difference between 90% and 66%). Wayne Doss agreed to submit an adjusted county claim for this amount. He wanted to avoid a letter from us because of fears about bad publicity.

For FY95, they missed the target by \$19 million, and would owe us about \$4.5 million. I don't know if they ever submitted their last collection report. Gaile has some spreadsheets on this but there might be more in the official file, wherever it is.

Grant land of Sierra - Pass the pass to County

2-20-98 12:05PM ACF/SUITE 000- 202 #00 9901# 07

MEMORANDUM OF UNDERSTANDING

This agreement is entered into by Wayne A. Stanton, Administrator, Family Support Administration (FSA), Department of Health and Human Services, Ira Reiner, Los Angeles County District Attorney, Richard B. Dixon, Los Angeles County Chief Administrative Officer, and Dennis Boyle, Deputy Director, State Department of Social Services, to resolve certain issues relating to needed improvement in the Los Angeles County child support enforcement program.

It is understood and agreed that there is a top level management commitment to accomplish management standards of performance and to develop an automated system that can adequately support the program operations and to employ sufficient staff to carry out the duties of the Child Support Program.

It is further understood and agreed that the lack of an automation system that can adequately support the program operations and the present number of employees assigned to carry out the duties of the family support program have significantly contributed to the current level of child support collections.

All concerned parties will work together to quickly complete Requests For Proposals for the following areas consistent with applicable County charter and ordinance provisions which require findings of cost effectiveness or feasibility:

1. To replace, enlarge, or modify Los Angeles County's existing Automated Child Support Enforcement System;
2. Supplemental locate and collection services for hard-to-find absent parents;
3. An automated billing system;
4. Process serving;
5. Banking/Court Trustee operations;
6. Blood testing;
7. Data preparation of case backlog in anticipation of automation.

The District Attorney's Office will immediately begin hiring within current budgetary authorizations the necessary additional qualified employees to provide required child support enforcement program services.

All concerned parties will work together to:

1. Develop and approve a six to ten page planning Advance Planning Document (as detailed on the Attachment).
2. Revise Request For Proposals and Advance Planning Document so as to require the use of existing hardware.

The FSA will advise the State that Los Angeles County, in recognition of the size of its caseload, is eligible to establish its own automated system which may be separate from any other system(s) which may be required of other counties.

The State will request and FSA will consider in a timely manner an 1115 waiver so as to provide Los Angeles County 90% funding to replace, enlarge or modify Los Angeles County's existing Automated Child Support Enforcement System and not jeopardize 90% funding for other systems within the State.

This document expresses the will and commitment of the Federal, State, and County Governments to expedite the approval processes necessary to accomplish the goals set forth herein.

Dated: March 2, 1989

Family Support Administration

By Wayne A. Stanton
Wayne A. Stanton
Administrator

Dated: March 2, 1989

District Attorney's Office

By Gregory Thompson
Gregory Thompson
Chief Deputy District Attorney

Dated: 2/1/89

Chief Administrative Office

By Richard B. Dixon
Richard B. Dixon
Chief Administrative Officer

Dated: March 2, 1989

State Department of Social Services

By Dennis Boyle
Dennis Boyle
Deputy Director

b1a1
fame10

ARTICLES



Copyright 1998 Times Mirror Company
Los Angeles Times February 19, 1998, Thursday

CALIFORNIA AND THE WEST; REDUCED PENALTIES FOR MISSING CHILD SUPPORT DEADLINE URGED; WELFARE: FEINSTEIN'S LEGISLATION TARGETS U.S. PLAN TO FORCE STATES TO INSTALL AUTOMATED SYSTEM. IT FACES UPHILL BATTLE, SHE ADMITS.

BY: CARLA RIVERA, TIMES STAFF WRITER

Moving to avert potentially crippling cuts to child welfare programs in California, Sen. Dianne Feinstein on Wednesday proposed legislation that would scale back penalties for states that miss the federal deadline for installing automated child support enforcement systems.

Child support advocates, however, immediately attacked the Feinstein proposal as counterproductive, setting up a likely clash in Congress between powerful entities that have been frequent allies in the past but have been unable to craft a common agenda on the issue of child support enforcement.

Feinstein (D-Calif.) acknowledged the friction, saying that her proposed measures face an uphill battle and have not won the support of the Clinton administration.

Under the 1996 federal welfare reform law, California could face the loss this year of \$ 4 billion in welfare funding and an additional \$ 300 million in child support administrative funding for failing to centralize its patchwork system of county-run enforcement programs.

The Feinstein legislation would allow states to come up with a new timetable to meet requirements and reduce penalties as states reach their goals. In addition, states would have more flexibility to create alternatives to a centralized, statewide system.

"This legislation would not rescind the requirement for states to develop child support enforcement systems, nor would it remove penalties for noncompliance. What it would do is provide the flexibility needed for large states like California to get the job done without crippling the state's ability to provide services to families in need," said Feinstein, speaking at a Los Angeles news conference.

Strict enforcement of child support is a key goal of the welfare overhaul, which requires parents to cooperate with government in obtaining child support payments that could lessen dependence on government grants. California operates one of the nation's least effective programs, collecting support for 14% of all families that seek help in obtaining support.

Feinstein was joined at the news conference by Eloise Anderson, director of the state Department of Social Services, Los Angeles County Dist. Atty. Gil Garcetti and half a dozen other district attorneys from across the state who argued that federal sanctions could have a devastating impact on the very children that the new, tougher child support enforcement laws were intended to help.

More than 2.6 million families on welfare, including 1.7 million children, could lose support services if federal sanctions were imposed, Feinstein said. Los Angeles County, which has about 40% of California's child support and welfare caseload, would be disproportionately penalized although it has its own federally approved computer system, Garcetti said.

Part of Feinstein's legislation would exempt a portion of the penalty for counties, like Los Angeles, that have built their own systems.

Anderson complained that federal officials have tried to foist on the state antiquated technology and unrealistic standards.

Please contact Larry McSwain if you would like to receive the WR Daily Report by e-mail or if you have questions about articles found in this publication. (lmcswain@acf.dhhs.gov (e-mail) or 202-401-1230(voice)).

The state in recent years has spent \$ 100 million in an unsuccessful attempt to build a centralized computer system that would meet federal requirements but has abandoned the project, concluding that it would be too costly to correct problems.

Anderson warned of widespread cuts in child support staffing statewide if U.S. sanctions take effect.

"It would be a nuclear bomb to children," she said.

However, many experts fault California and other states for allowing child support programs to deteriorate and argue that those authorities should now be held accountable. California's child support programs are operated by county district attorneys in a decentralized system that hampers collection and monitoring of support payments, they say.

"While I understand the effort to try to reduce penalties on the state, at some point the real question should be what is the most effective way to get the state to operate support programs effectively," said Leora Gershenzon, directing attorney for the Child Support Project of the National Center for Youth Law.

Under the Feinstein proposal, California's penalty would be reduced to \$ 3 million in child support administrative funding in the first year. The penalty would increase to \$ 6 million in the second year, \$ 9 million in the third year, \$ 12 million in the fourth year and \$ 15 million in the fifth year and thereafter.

States would be reimbursed for 75% of penalties that they have paid if they later meet their goals for collecting child support.

The Feinstein legislation would be the second bill introduced in Congress aimed at relaxing the child support provisions. A similar bill by Rep. Clay Shaw (R-Fla.) would reduce the California penalty to about \$ 12 million for the first year. The new measure was adopted without dissent by the House Ways and Means subcommittee, and awaits a hearing by the full committee. Many child support advocates say that if the language in Shaw's bill is sufficiently tightened, they could support it.

GRAPHIC: PHOTO: Sen. Dianne Feinstein, San Diego County D.A. Paul Pfingst; left, and L.A. County D.A. Gil Garcetti, right, chat after news conference on child support. PHOTOGRAPHER: ROBERT GAUTHIER / Los Angeles Times

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The Boston Globe February 19, 1998, Thursday

City forum on blacks accentuates the negative

BY: By Charles A. Radin, Globe Staff

A group of Boston civil-rights leaders who gathered last night at the historic African Meeting House on Beacon Hill to celebrate Black History Month portrayed the city's black community as weak, disrespected, and suffering from its failure to tend to its own children.

The meeting, hosted by the Museum of Afro American History and sponsored by Citizens Bank, was intended by bank chairman Lawrence K. Fish "to focus on what is working, instead of all the negatives."

But from the outset, most speakers focused on what they said were race-based politics in city government and on policies in banking and business that they charged keep the black community down.

After an hour, Harvard law professor Charles J. Ogletree Jr., the moderator, asked Fish for his reaction.

"I'm afraid of what I'm going to say," replied the banker, who is involved in numerous community-service efforts. "I am tremendously depressed. We started off to have a conversation about what had been accomplished and what could be accomplished in the future. We spent most of the last hour talking about how little we got done and how awful everything is."

Please contact Larry McSwain if you would like to receive the WR Daily Report by e-mail or if you have questions about articles found in this publication. (lmcswain@acf.dhhs.gov (e-mail) or 202-401-1230(voice)).

faxtransmittal

cc Cynthia Rice
 Barbara Chow
 Edwin Lau
 { John Monahan
 Lauren Griffin

HHS

Note Feinstein letter.

Date: April 24, 1998

To: Diana Fortuna
 Office of Domestic Policy, The White House

-Diana

Fax #: (202) 456-7431 / 202-456-7028

Phone: 456-5570

Subject: Los Angeles Child Support Penalties

Pages: 13
 (including cover sheet)

Comments:

Enclosed you will find a number of documents that I believe are helpful in advancing our position that Los Angeles County should be exempted from any child support automation penalties.

Enclosed you will find two Los Angeles Times Editorials that spoke to this issue; a letter from Senator Feinstein to the president on this matter; a list of specific points indicating the unique nature of Los Angeles County's exemption and finally the remarks of Los Angeles County District Attorney Gil Garcetti on this matter.

I truly appreciate your time on this matter. As you can tell, this issue is of grave concern to this office and the well being of children throughout California.

LAWRENCE S. SILVERMAN
 Legislative and Policy Coordinator
 Los Angeles County District Attorney
 Bureau of Family Support Operations
 5770 South Eastern Avenue
 Commerce, California 90040-2924
 (213) 889-3410
 FAX (213) 838-9545
 PGR (800) 467-3700 PIN 6047263

DIANNE FEINSTEIN
CALIFORNIA

COMMITTEE ON FOREIGN RELATIONS
COMMITTEE ON THE JUDICIARY
COMMITTEE ON RULES AND ADMINISTRATION



United States Senate

WASHINGTON, DC 20510-0504

(202) 224-3841

April 8, 1998

The Honorable William Jefferson Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C., 20500

Dear Mr. President:

I am writing to urge the Administration to support an exemption for Los Angeles County from the penalties imposed on states for not having a certified child support enforcement system as required under the 1988 Family Support Act and the 1996 Welfare Reform.

As you may know, both the House and the Senate have recently passed different versions of the Child Support Performance and Incentive Act, HR 3130, which lowers the penalties imposed on states who missed the October 1, 1997 deadline.

Neither bill provides exemptions for Los Angeles County despite the fact that L.A. County has successfully completed its system by the October 1997 deadline. In 1989, Health and Human Services provided separate funding for L.A. County and urged L.A. County to create its own system separate from the rest of California because of its large caseload, which is larger than 42 other states. Health and Human Services has also recently recognized that L.A. County's system could be certified separately in its March 2, 1998 proposed rules (42 CFR Part 307).

Both Representative Shaw and Senator Roth's staff have indicated that their members will support a penalty exemption for L.A. County if the Administration demonstrates its support. Your action now is key to continuing the LA County federal success model.

For California, 25 percent of the penalty will be borne by LA County, the largest county in the nation serving 550,000 families.

Mr. President, this is an urgent and time sensitive matter since the Conferees will meet soon to determine whether L.A. County will be exempted from the penalties in the final bill. I urge you to support this provision in conference and I would appreciate your timely response. Please let me know as soon as possible.

With warmest personal regards.

Sincerely yours,

Dianne Feinstein
United States Senator

DF:jd

cc: Mayor Richard Riordan

Gil Garcetti, Los Angeles County District Attorney

Members of the Los Angeles County Board of Supervisors

Members of the Los Angeles City Council

Los Angeles Times
Editorial
1/29/98

The Poor Would Pay This Penalty

The politicians in Washington have a darned odd if not heartless way of helping people in dire need. The president and the Congress supposedly have a goal of assisting custodial parents in collecting child support payments. Now, penalties loom for California and the 15 other states and territories that have been unable to construct statewide child support computer tracking systems, as required by federal law.

Here's the travesty. The states that failed now face the loss of temporary aid to needy families. In California, that amounts to \$3.7 billion in block grants. What lunacy. This policy would cause endless pain to poor mothers and their children.

Moreover, Los Angeles County, which was allowed to create its own computer tracking system and has successfully done so, figures to

be penalized along with the rest of California, according to a staffer of the House human resources subcommittee. A hearing on the matter is scheduled for today.

"They've had years to do this," the staffer insisted. Yes, but the federal government was three years late in promulgating guidelines on how computer tracking systems ought to work. What penalties did the government face for that?

Now, Rep. E. Clay Shaw Jr. (R-Fla.), who chairs the human resources subcommittee, has the opportunity and the apparent inclination to come up with reduced sanctions. That's the right thing to do. Los Angeles County should be praised, not penalized, for its efforts. Congress has a lot to learn about humanity if that does not happen.

JD

B14 THURSDAY, DECEMBER 4, 1997 / VC

LOS ANGELES TIMES EDITORIALS



And the Kids Pay the Price

U.S. and state bungling on child support payments has abounded

For nine years now, bunglers in Sacramento and Washington have collectively jeopardized the well-being of millions of poor California children who are owed child support payments. Those children and their custodial parents figure to lose big because of \$4 billion in outlandish federal penalties.

As of Dec. 31, the state will be officially out of compliance with a federal mandate to computerize child support data. Washington has threatened to withdraw \$240 million earmarked for the computer project itself. But far more harmful, a block grant of \$3.7 billion for temporary aid to needy families, such as mothers and children without child support, may be lost because of the state's inability to develop a statewide, automated child support tracking system.

This is the unanticipated result of the federal Family Support Act of 1988, a law that was meant to help children, not penalize them. Now, congressional action is needed to preserve benefits for these youngsters.

There's plenty of blame to spread around. Early on, the Californians in Congress should have pointed out that the state would need much more time, but they didn't. The ammunition clearly was at hand: California has more child support cases than the next two most populous states combined.

Federal officials were three years late in

promulgating guidelines. Their absurd suggestion to California was to emulate New Hampshire's statewide system. New Hampshire has fewer residents than the San Fernando Valley and fewer than 45,000 support cases. California has nearly 2.4 million cases.

Part of the irony is that federal officials recognized that Los Angeles County's child support caseload was so huge it deserved to have its own computer system, separate from the rest of the state. That has resulted in a system that works well for Los Angeles. The state, because of its own enormous caseload, should have been given some special consideration as well, along with more time to get a system in place.

Meanwhile, state officials doggedly pursued a computer system designed by Lockheed-Martin-TMS that simply did not meet California's needs. State officials didn't drop the project until this month, a year or more later than they should have.

California has rightly, if belatedly, decided to work on another computer system. Perhaps as many as two or three regional computer systems will be required to handle the caseload. Now, congressional action is required to give California and as many as 16 other states more time and/or to reduce the scope of the federal penalties faced by each. Both are warranted. Children should not be punished for the ineptitude of so many of their elders.

OLD

WHY LOS ANGELES COUNTY SHOULD BE GRANTED AN EXEMPTION FROM ANY CHILD SUPPORT SYSTEM PENALTY IMPOSED AGAINST CALIFORNIA

- Los Angeles County is the only local jurisdiction in the country, not a state or territory, that was required by the federal Department of Health and Human Services to develop its own child support automation system.
- Los Angeles County was the only jurisdiction in the country, not a state or territory to receive enhanced federal funds. In exchange for federal funding, the county was required to double child support collections in five years to help offset the federal cost, which it did.
- Los Angeles County fully implemented its system on February 5, 1995 prior to the original October 1, 1995 federal deadline.
- Los Angeles County was required to submit separate Advance Planning Documents and separate accounting documentation than those required for the state project.
- Los Angeles County has accomplished everything that the federal government required of it including building a link to the now failed California State System.
- Los Angeles is the only jurisdiction, not a state or territory recognized to receive federal funding to make automation modifications necessary to accommodate the requirements of Welfare Reform.
- While four other federal waivers were granted, all were at the request of states, none was required by the federal government and none was granted separate funding.

kd

**REMARKS BY LOS ANGELES DISTRICT ATTORNEY GIL GARCETTI
REGARDING CHILD SUPPORT AUTOMATION PENALTIES**

Experts suggest that a society can be judged by the way it treats its children. The importance we place on meeting such basic needs as economic security, quality education, health care and childcare is a valid measure of our commitment not only to our children but also to our future as a nation.

Measured against this standard, the United States is in danger of being judged harshly. Unless Congress acts to make dramatic changes to current law, millions of single parent families will soon lose grasp of one of the sole remaining strings in the safety net left to them in the wake of welfare reform. Because of failed efforts by many states, including California, to build child support computer systems, more than half of all children in the United States could find their access to child support services eliminated or drastically reduced at the very time they are needed most.

Sadly, child support enforcement is one of the crucial services modern government provides its youngest and neediest citizens. With alarming frequency, children have become the innocent victims of one or another of the growing social dysfunctions of modern day adulthood--broken marriages and soaring out of wedlock birth rates. Children raised in these situations are far more likely to drop out of school, to become participants in our juvenile justice system and, ultimately, to be charged in our criminal justice system. The risk of these unwanted outcomes is magnified when children do not receive financial support from an absent parent.

While child support cannot take the place of a caring parent, the regular receipt of child support can play an important role in helping children to reach their full potential. The failure of parents to provide emotional support for their children is deplorable; the failure to provide financial support is unlawful.

In California, the ultimate responsibility for enforcing support obligations belongs to district attorneys. With the advent of welfare reform and strict limits on the receipt of benefits, the role of district attorneys in enforcing child support orders will be more crucial than ever in helping families move from dependency to self-sufficiency.

Ironically, the ability of district attorneys to provide support enforcement services is imperiled at the very time that many families will need the help most. The threat comes in the form of enormous financial penalties that the federal government is poised to levy against California. Why? Because the state failed to meet federal deadlines for developing a child support automation system that would link the efforts of district attorneys throughout California.

Actually, the federal government approved two computer developments for California: the first to serve Los Angeles County, whose program is larger than 42 states, and the second to serve the other 57 counties. In Los Angeles County, the District Attorneys office succeeded in bringing its child support system on-line in February 1995. It has been operating with increasing success ever since.

Unfortunately, the state of California failed to meet the federal government's October 1, 1997 deadline for completing its system development. As a result, under federal law, the state now faces a penalty in the form of a loss of all federal welfare funds (called TANF for Temporary Assistance to Needy Families) as well as all federal child support funding. This amounts to a \$4 billion annual penalty. Make no mistake: This is a penalty against the children of California. The loss of services will hit them directly and severely.

Paradoxically, even though Los Angeles County met the federal deadline and fulfilled all the requirements placed on its automation development by the federal government, children and families here will be forced to share in the penalty along with their counterparts in the rest of the state.

California is not alone in this predicament. Altogether, fourteen states, the District of Columbia and the Virgin Islands failed to meet the October, 1997, federal deadline. Added together, the combined child support caseloads of these states represent more than half of all child support cases in the country. As a recent report by the General Accounting Office suggests, the blame for the current predicament does not belong to states alone. The federal department of Health and Human Services and private vendors must share responsibility, as well. Still with the future of so many children at risk, the focus must be shifted from fixing blame to ensuring that states achieve automation as soon as possible while at the same time fostering the delivery of essential benefits and services. It does no good to penalize states if the true consequences are exacted from families.

Congress must take immediate action to replace the current "nuclear" penalty with a new approach designed to encourage states to complete automation projects as soon as possible. In our view, a system of targeted penalties which escalate over time but which is limited to a portion of a state's child support funding makes the most sense. In addition, states that meet defined milestones toward completion of their automation development should be accorded substantial forgiveness of the penalty for each year they make satisfactory progress. Importantly, Congress must recognize the success achieved by the Los Angeles County District Attorney office in completing its automation effort on time and within budget. To do so, Congress should exclude Los Angeles County's federal funding when calculating prospective penalties against California. If the purpose of penalties is to ensure future compliance with federal requirements, there is no rationale purpose to be achieved by levying penalties against an agency which did all that was asked of it.

While automation setbacks in California and elsewhere are regrettable, it makes no sense to respond by slashing services to children in need. Rather than looking for ways to mete out punishment, federal, state and local officials must cooperate to identify more resources with which to fight the scourge of child poverty. If we don't, we will deserve whatever judgment history gives us.

Proposed language is on
page #3

II

105TH CONGRESS
2D SESSION

S. 1798

To provide for an alternative penalty procedure for States that fail to meet Federal child support data processing requirements.

IN THE SENATE OF THE UNITED STATES

MARCH 19, 1998

Mrs. FEINSTEIN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for an alternative penalty procedure for States that fail to meet Federal child support data processing requirements.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. ALTERNATIVE PENALTY PROCEDURE FOR**
4 **CHILD SUPPORT DATA PROCESSING RE-**
5 **QUIREMENTS.**

6 (a) IN GENERAL.—Section 455(a) of the Social Secu-
7 rity Act (42 U.S.C. 655(a)) is amended by adding at the
8 end the following:

9 “(4)(A) If—

1 “(i) the Secretary determines that a State plan
2 under section 454 would (in the absence of this
3 paragraph) be disapproved for the failure of the
4 State to comply with section 454(24)(A), and that
5 the State has made and is continuing to make a
6 good faith effort to so comply; and

7 “(ii) the State has submitted to the Secretary
8 a corrective compliance plan that describes how, by
9 when, and at what cost the State will achieve such
10 compliance, which has been approved by the Sec-
11 retary,

12 then the Secretary shall not disapprove the State plan
13 under section 454, and the Secretary shall reduce the
14 amount otherwise payable to the State under paragraph
15 (1)(A) of this subsection for the fiscal year by the penalty
16 amount.

17 “(B) In this paragraph:

18 “(i) The term ‘penalty amount’ means, with re-
19 spect to a failure of a State to comply with section
20 454(24)—

21 “(I) 4 percent of the penalty base, in the
22 case of the 1st fiscal year in which such a fail-
23 ure by the State occurs;

24 “(II) 8 percent of the penalty base, in the
25 case of the 2nd such fiscal year;

1 “(III) 16 percent of the penalty base, in
2 the case of the 3rd such fiscal year; or

3 “(IV) 20 percent of the penalty base, in
4 the case of the 4th or any subsequent such fis-
5 cal year.

6 “(ii) The term ‘penalty base’ means, with re-
7 spect to a failure of a State to comply with section
8 454(24) during a fiscal year, the amount otherwise
9 payable to the State under paragraph (1)(A) of this
10 subsection for the preceding fiscal year, minus the
11 applicable share of such amount which would other-
12 wise be payable to any county to which the Secretary
13 granted a waiver under the Family Support Act of
14 1988 (Public Law 100-485; 102 Stat. 2343) for 90
15 percent enhanced Federal funding to develop an
16 automated data processing and information retrieval
17 system provided that such system was implemented
18 prior to October 1, 1997.

19 “(C)(i) The Secretary shall waive a penalty under
20 this paragraph for any failure of a State to comply with
21 section 454(24)(A) during fiscal year 1998 if—

22 “(I) by December 31, 1997, the State has sub-
23 mitted to the Secretary a request that the Secretary
24 certify the State as having met the requirements of
25 such section;

Federal Register / Vol. 63, No. 40 / Monday, March 2, 1998 / Proposed Rules

Conditions That Must Be Met for 80 Percent Federal Financial Participation

Pub. L. 104-193 provides enhanced funds to complete development of child support enforcement systems which meet the requirements of both the Family Support Act and PRWORA. From this we conclude that no change in the conditions for receipt of funds was anticipated by Congress. Thus, we propose to retain in 45 CFR 307.31 the same conditions for receipt funds at 80 percent FFP which appear at § 307.30 (a), (b), (c), and (d) and apply to claims for FFP at the 90 percent rate.

Throughout this notice of proposed rulemaking we use "State" as the inclusive term for States, Territories and approved systems as described in 42 U.S.C. 655(a)(3)(B)(iii) (section 455(a)(3)(B)(iii) of the Act) as added to the Act by section 5555 of the Balanced Budget Act of 1997 (Pub. L. 105-33). The technical amendments to section 455(a)(3)(B) of the Act changed the entities included in the allocation formula by adding "system" to States and Territories. For purposes of this proposed rule, a system eligible for enhanced funding is a system approved by the Secretary to receive funding at the 90 percent rate for the purpose of developing a system that meets the requirements of section 454(16) of the Act (42 U.S.C. 654(16)) (as in effect on and after September 30, 1995) and section 454A of the Act (42 U.S.C. 654A), including a system that received funding for this purpose pursuant to a waiver under section 1115(a) of the Act (42 U.S.C. 1315(a)). We believe that the Los Angeles County child support enforcement system is the only non-State system which meets these requirements.

Note!
→

**COMPARISON OF FIRST NINE MONTHS PERFORMANCE
FOR PAST THREE YEARS
OFFICE OF THE DISTRICT ATTORNEY
COUNTY OF LOS ANGELES
BUREAU OF FAMILY SUPPORT OPERATIONS**

SUPPORT ORDER COLLECTIONS

JULY- MARCH

1995-96	128,878,263
1996-97	136,615,343
1997-98	173,420,138
	(26.9% increase over previous year same period)

COURT ORDERS ESTABLISHED

1995-96	18,271
1996-97	20,790
1997-98	38,539
	(85.4% increase over previous year same period)

PATERNITIES ESTABLISHED

1995-96	26,128
1996-97	28,423
1997-98	54,768
	(92.7% increase over previous year same period)

EARNINGS ASSIGNMENT COLLECTIONS

1995-96	54,798,504
1996-97	66,933,017
1997-98	86,334,606
	(29.0% increase over previous year same period)